1. Project Data

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<th>Total Project Cost (USD)</th>
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<td>31-Dec-2017</td>
<td>71,746,319.24</td>
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<td>31-Dec-2018</td>
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| Original Commitment | 100,000,000.00 | 100,000,000.00 |
| Revised Commitment  | 100,000,000.00 | 71,746,319.24  |
| Actual              | 77,008,460.24   | 71,746,319.24  |

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2. Project Objectives and Components

a. Objectives

The original project development objective (PDO) was to "assist the government in improving the capacity and performance of select line ministries in carrying out their mandates and delivering services to the Afghan people." This PDO was consistent with original Grant Agreement (dated January 21, 2012, Schedule 1, p. 5). The first restructuring in 2016 amended the PDO to “improve the capacity and performance of priority line ministries and independent agencies in selected reform areas.” The new PDO was aligned with the new Grant Agreement (dated June 19, 2016, Schedule 1, p. 4). Like the original PDO, the new PDO was focused on strengthening capacity and improving performance of priority line ministries and independent...
agencies in selected reform areas. “Selected reform areas” refers to capacity, such as recruitment and training, and “performance,” such as development budget execution and business process. In addition, the narrowing of the results framework included revised indicators that were much more explicit in measuring both the capacity injection and service delivery components of the project. As the original and revised PDOs were not materially different, and the project did not achieve either the original or revised outcome targets, a split rating is not performed.

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

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

Date of Board Approval
25-Apr-2016
c. Will a split evaluation be undertaken?
No
d. Components

Originally, the project was supported by four components. After restructuring in 2016, component 3 – Civil Service Training – was dropped. The project scope narrowed and commitments for each component decreased. Listed below are the components with their specific changes:

**Component 1: Technical Assistance Facility in Support of Civil Service Reform (Appraisal costs: US$30 million. After restructuring: US$15 million. Actual costs: $6.2 million)**. Initially, this component aimed to establish a facility to provide technical assistance (TA) to line ministries for the preparation and implementation of Capacity Building for Results Programs (CBRPs). Through a demand-driven approach, applying to receive CBR support entailed various criteria for LMAs (Line Ministry Agencies) to fulfill. This activity was to use the “tier system,” a mechanism through which a ministry is pre-classified to a specific tier (1 (highest), 2 and 3) based on a set of criteria related to the ministry’s previous reform implementation progress.

**Specific changes to this component**: Restructuring of this component was needed due to overly complex criteria and procedures that limited ministries' access to CBR. Restructuring included simplifying LMA requirements for access to CBR and provided TA to LMAs for their CBRP development and implementation to be more structured and easily accessible.

**Component 2: Building Human Resources (Appraisal costs: US$280 million. After restructuring: US$123 million. Actual costs: US$53.4 million)**. This component was designed to support the broader implementation of civil service reform efforts and placement of critical managerial and professional staff resources in participating line ministries. Specifically, it was to provide the enabling environment for the implementation of a ministry’s CBRPs. Ministries were to be provided with skilled staffing groups on Tashkeel (civil services establishment) (EPP, p. 14), paid at market competitive rates to assist in reform implementation and service delivery results.
Specific changes to this component: This component was originally designed to be managed by the Independent Administrative Reform and Civil Service Commission (IARCSC) in direct coordination with MoF. After restructuring, responsibility for the recruitment of higher civil service grades (grades 1 and 2) was transferred to LMAs to promote ownership and improve capacity building.

Component 3: Civil Service Training (Appraisal costs: US$20 million. Actual costs: US$0.6 million). This component was dropped. Instead, training activities planned under this component were mainstreamed into CBRPs under Components 1 and 2 to support stronger linkages to results. This activity was to be coordinated and sourced from among a variety of appropriate options by IARCSC’s training unit.

Component 4: Project Management, Monitoring and Evaluation (Appraisal costs: US$20 million. After restructuring: US$12 million. Actual costs: US$9.4 million). This component was designed to finance (i) contract staff and operating cost of a MoF CBR Facility Project Support Unit (PSU) to be established in the MoF and responsible for overall project management, monitoring, and reporting; (ii) contract staff and operating costs of an IARCSC CBR PSU responsible for the management, implementation, and monitoring and reporting for Components 2 and 3; (iii) consultancy services to assist the MoF CBR Facility PSU in carrying out appraisal and review of implementation progress and results of CBRPs; and (iv) contracting of a firm to provide logistics support and supply services.

Specific changes to the component: The restructuring clarified the roles of the MoF, the IARCSC, and their individual PSUs. To accelerate civil servant recruitment, the restructuring included: (i) transfer of recruitment responsibility from the IARCSC directly to the respective LMA; (ii) establishment of a grievance redressal mechanism to inject transparency and accountability into the recruitment process; and (iii) hiring of an M&E firm to improve the monitoring and reporting of results.

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

Project Cost. Restructuring decreased planned project financing from US$350 million to US$150 million, resulting from the narrowing of project scope and dropping of Component 3. The original grant amount – first tranche release – was signed for US$100 million out of the total approved ARTF (Afghanistan Reconstruction Trust Fund) financing commitment of US$350 million. Project restructuring did not change this amount but relinquished US$200 million of the remaining $250 million ARTF financing commitment for the project (ICR, p. 12). The remaining ARTF commitment of US$50 million was never requested (ICR, p. 20). The ICR reported contradictory information about actual project costs, but the project team confirmed that the project's actual cost was US$71.75 million.

Financing/Borrower Contribution. There were no other financing sources and no contribution from the borrower.

Restructuring. There were three restructurings. The first, in 2016 (level 1) amended the PDO, Results Framework, Components and Costs, Financing Plan, Institutional Arrangements, and Implementation Schedule (ICR, p. 2). Restructurings in 2017 and 2018 (level 2) changed the Implementation Agency (2017) and extended the closing date (2017 and 2018).

Dates. The project received a first six-month extension from December 31, 2017 to June 30, 2018 to allow sufficient time for the transition of the project into IARCSC, and for the IARCSC to plan the next phase of support. The final restructuring extended the closing date to December 31, 2018, which was required due to
a delay in preparation of the follow-on phase of support through the TAGHIR Project (Tackling Afghanistan’s Government Human Resources Management and Institutional Reforms). The extension was required to preserve gains by ensuring continuity of support, especially the timely payment of civil servant salaries, until TAGHIR became effective.

3. Relevance of Objectives

Rationale

The project's focus on governance was central to the Afghanistan Country Partnership Framework (CPF) FY17-20. Both the government and donor community recognized ownership of service delivery as central to government legitimacy, efficacy, and the development of sustainable state systems. In recognition of this, the efforts of the government and donor community were intensified to address public administration reform and a capacity building agenda to reduce reliance on non-civil service staff, called "parallel (or second) civil servants." The project was conceived during a difficult period in Afghanistan's reconstruction period. The state had very low capacity and relied heavily on international donor-funded TA through heavy financing of parallel civil service. While this donor-funded TA proved to be an integral part of the stabilization of state capacity and support to urgent development objectives, the effort was short-term and unsustainable. Weak civil servant capacity in line ministries persisted. The CPF recognized that by focusing on key institutional strengthening efforts – such as, key functions – of government agencies, it will stimulate growth, promote stability and accountability to support development processes and agenda.

The CBR project was designed to support a government-led and context-specific approach to capacity and institution building that complemented existing ministry-specific service delivery and other sectoral reform programs and promoted state sustainability. Through the injection of human resource capacity, the CBR took a demand-driven approach aimed at building the capacity, performance, and accountability of LMAs to demonstrate full ownership over reforms. The CBR closely supported the CPF’s Pillar 1 (Building Strong and Accountable Institutions) and objective 1.2 (to support effectiveness and accountability of key service delivery ministries to build capacity) by improving public financial management and fiscal self-reliance; performance of key LMAs and municipalities; and service delivery through enhanced citizen engagement (ICR, p. 15).

The PDO also contributed to the government’s strategic vision, “Towards Self-Reliance: Commitments to Reform and Renewed Partnership.” The PDO was aligned with the government’s effort to improve the capacity and performance of core line ministries responsible for national priority programs (EPP, p. 8). Specifically, it aligned with one of the six clusters of Afghanistan’s National Development Strategy, Human Resources Development (ISN, pp. 7-8).

Rating

Substantial

4. Achievement of Objectives (Efficacy)
OBJECTIVE 1

Objective
To assist the government in improving the capacity and performance of select line ministries in carrying out their mandates and delivering services to the Afghan people (original) / To improve the capacity and performance of priority line ministries and independent agencies in selected reform areas (revised)

Rationale
The original design of the project recognized that capacity constraints at provincial and district levels were a key cause of low budget execution rates, weak service delivery impact, and weak accountability. The project aimed to address these constraints to effective service delivery by facilitating the posting of high-capacity staff at the sub-national level and by de-concentrating spending and recruitment authority from Kabul, the capital city. This was to be achieved through the implementation of specific capacity and institution building programs. This philosophy remained the core platform for the restructuring of the project in 2016 when the project's Theory of Change (ToC) was formally developed around the revised objective.

The ToC (ICR, p. 9) assumed that “if higher caliber personnel, including existing National Technical Assistance (NTAs), are integrated as core civil servant staff in selected departments, it will drive development and reform implementation whilst enhancing accountability and ownership in those ministries.” This was driven by past Bank’s support to Afghanistan’s public administration reform. Reflecting on the lessons, the central premise of CBR’s design required consensus at the highest levels. Hence, the project-support capacity building was intended to be fully owned by the government. The ministries would lead their own reform by establishing institution building framework, results and monitoring arrangements, and implementation framework. Toward these goals, the project was to provide TA, human resources, and partial financing (wage bill) and training through LMAs' CBRPs. This, in turn, was to create more efficient and effective governance, a more accountable civil service, and improved public spending, ultimately to improve service delivery and self-reliant, responsive government.

The ToC clearly outlined the path from intervention to impact and identified risks. However, it may have underestimated these risks and its impact on project implementation.

Outputs and Intermediate Results

- 22 LMAs developed streamlined CBRPs (ICR, p. 17).
- Development budget execution reached an average of 74.6%, exceeding the target of 60%. All targeted LMAs and central institutions reached the target except the Ministry of Communications and Information Technology and the Ministry of Mines and Petroleum (ICR, p. 17).
- 14 CBR LMAs met goals for business process simplification, not reaching the original target of 25, but exceeding the revised target of 13.
- 23 LMAs completed pay and grading (P&G) with CBR support, reaching the target of 22.
- The project recruited 76 of the targeted 450 women into contracted positions.
- 200 civil servants were trained through a Mid-level Management Development Program (MMDP), including 90 women, reaching the overall target of 200.
- A grievance redress mechanism was established.
An e-recruitment system was piloted by MoF.

Outcomes

The restructuring of the program accelerated implementation and improved LMA access to CBR. Project restructuring simplified criteria for access to the program and removed key identified implementation bottlenecks, such as eligibility criteria, the three-tier approach, and the Advisory Group. The project simplified the CBRP templates for priority LMAs and shifted focused support towards 13 ministries (determined based on their contribution to key government priorities). These revisions aligned project activities with the priorities of the then new government. This effort attracted and renewed higher-level commitment, which enhanced the demand for CBR.

The restructuring enhanced TA to line ministries for the development and implementation of CBRPs. Reduction of the key outcome target for staff recruitment, from 2,400 to 1,500 positions, was based on an assessment by the government and the Bank of realistic and affordable capacity enhancement requirements. It also reflected a renewed emphasis on fiscal sustainability owing to an external aid environment that was altered from the original design of the project (when a continuation of donor funding support of the government wage bill was expected to hold throughout and potentially beyond the project's lifetime). LMA training, such as the MMDP, was integrated in CBRPs under Components 1 and 2. This re-arrangement strengthened linkages between LMA training and results, intended to ensure that project financing was more strategic and demand-driven.

Restructuring helped the project to recruit more qualified people to core government positions as Tashkeel. Nearly half of CBR recruits were Director General and Director positions responsible for government policies and programs. Anecdotal evidence on the contributions of CBR recruits from ICR interviews held in Kabul noted that many of them instilled new ideas and provided strong levels of leadership to the LMAs. Their professionalization was reported to have enhanced transparency and accountability of functions. According to the ICR, CBR was perceived “to have succeeded in ‘breaking monopolies (of corruption)’ at the provincial level” (ICR, p. 20). However, there was no data in the ICR to support this claim.

Equalizing NTA pay reduced a longstanding constraint in the path towards mainstreaming capacity into the core civil service. The improved donor commitment to the CBR approach was reflected in their broad compliance with a harmonized TA pay scale and guidelines that CBR helped to develop in tandem with project restructuring. The ICR reported that over 90 percent of non-security civil servant salaries are now structured according to the eight grade P&G (ICR, p. 26). As a result, the project was able to attract higher caliber recruits who were previously out of reach. Though there is no data to substantiate this claim, the ICR highlighted that almost half of CBR recruits were key director general and director positions. For example, the Director General of the Civil Service Management Directorate (CSMD) was a proactive key player in CBR implementation. He led the design of the successor of TAGHIR project and many activities, such as enhancements of personnel and payroll management. (ICR, para.47, p. 20). This contributed to improvements in both recruitment numbers and quality. Through NTA harmonization, CBR has made broader contributions to the government's self-reliance agenda and supported institutional and fiscal sustainability. For example, the ICR highlighted that by lowering NTA salaries has helped to improve the balance between capital and operational expenditure, especially on the development budget. The ICR (page 18) noted that this effort has led to several agreements by donors to gradually phase out NTA financing, with the assurance that relevant human resource capacity injection would be made available to those ministries by CBR. The ICR listed a few key example ministries, but no further details were provided to substantiate this claim.
Despite these gains, there were significant shortcomings in achievement of the PDO. Most importantly, only 1,053 contracted positions were recruited, not reaching either the original target of 2,400 or the revised target of 1,500. These included 462 (44%) at the subnational level, exceeding the original target of 20% and the revised target of 15%.

Higher-level political commitment was absent. During the initial implementation period, the CBR ministries were being led by acting ministers, leading to a lack of ownership. Partly as a result, the planned prioritization of LMAs did not materialize, even after restructuring, scattering the project's efforts across too many entities. The planned recruitment of even the lowered target of 1,500 staff in the 13 priority LMAs would have produced an average of 115 new positions per LMA, enough to form a critical mass in each LMA. In practice, however, this prioritization was not realized due to higher-level political pressure. Capacity was spread too thin across 47 separate LMAs and across senior and middle-level management and technical grades. While this meant that there was flexibility for the project to recruit and meet important ad hoc requests across government, it ultimately contributed to a thin layer of capacity being spread across 47 separate LMAs. For example, for the Ministry of Higher Education with a workforce of over 12,000, the project provided only 10 staff. For smaller LMAs, CBR recruited fewer than five, and often just one position.

OVERALL EFFICACY
Rationale
Although all the planned project activities were implemented, the project fell short of achieving its key outcome targets due to issues with project design, capacity, and political economy. After restructuring, project implementation improved, but it still did not manage to fully achieve outcome targets as planned. The project did contribute to the important reform of equalizing the pay of NTA with that of CBR appointees has reduced a longstanding constraint in the path towards mainstreaming capacity into the core civil service. However, the key outcome target for staff recruitment and placement was not achieved, and results were spread too thinly across government agencies. The planned prioritization of 13 LMAs to enhance and focus capacity building did not materialize, as stated above.

Overall Efficacy Rating
Modest

Primary Reason
Low achievement

5. Efficiency
The efficiency assessment of the project is based on implementation efficiency. The nature of CBR activities, which primarily focused on building human resource capacity and institutions, cannot be
quantified as value for money as required by traditional economic or financial analyses. This assessment covers actual versus planned costs, key activities implemented on time, the extent of staff retention, efficacy of human resource capacity injection, the existence and amount of procurement issues and delays, and time overruns, among other issues (ICR, Annex 4, p. 50).

Ex-ante

The project design was informed by the analysis of the joint World Bank/government “Transition in Afghanistan: Looking Beyond 2014” report, as well as past Bank experience for public administration reform in Afghanistan. Due to a gradual decline in aid, the project took into account security, operations and maintenance, and other recurrent expenditures handled through the external budget that were expected to transfer to the core government budget by 2021. Given the shortage of suitable qualified Afghan professionals and competing demands by international agencies, donors, and NGO’s operating in Afghanistan, there was a high need for improved government capacity to absorb, manage, and effectively use increasing amounts of donor funding provided through the Afghan budget rather than funded and implemented externally.

The analysis concluded that human resource capacity was an urgent development priority. The human resource injection was the project’s largest expenditure and would increase the government’s wage bill. This increase was projected to be manageable due to the modest scale of project-financed human resource capacity injection (2,400 positions). The targeted positions to be recruited were Grades 1 and 2 (high-level), common function positions across four defined technical areas, and specific non-managerial technical positions in mid-level grades (Grades 3-5) only in the Tier 1 ministries. This arrangement was intended to assist the project in targeting key “agent of change” functions but to also contain the risk of pressure to increase the wage bill across government. It was also assumed that donors would continue to support the government's wage bill throughout the lifetime of the project and probably for several years thereafter. At the time of project design, the costs associating with maintaining the status quo far exceeded the fiscal costs of the project.

Ex-post

The arrangement of having two PSUs and split leadership between the MoF and IARCSC complicated and delayed project implementation, coordination, reporting, and M&E. The IARCSC was initially intended to lead administrative reforms but did not have the capacity to perform such large operation on its own. Hence, the MoF was given overall responsibility. The MoF was made responsible for expenditure management, and the IARCSC was responsible for human resource and capacity building training, aligned with its civil service management mandate. While this arrangement made sense in theory, in practice, the two entities were engaged in competition. Project components were often implemented independently, and recruitment was faced with inconsistent criteria, terms of reference, and salary scales. Candidates who meet minimum requirements were often not shortlisted or were rejected. The ICR did not expand on why this may have occurred. However, it did mention that this event coincided with a period where bribery and other corruption practices were rampant (ICR, pp. 28-29).

There were additional significant implementation inefficiencies. The tier system designed to support reforms for all LMAs and approval process was overly complex and delayed implementation. For example, the paperwork and conditionality to achieve high and middle tier status was burdensome. This led many LMAs to ignore CBR and seek other support. The lowering of the overall CBR recruitment target from 2,400 to 1,500 at restructuring was necessitated by slow implementation and the relatively short time remaining until project closure. The lowered target was also based on a weighting by the government and the Bank of realistic and
affordable capacity enhancement requirements. Financial management performance experienced significant shortcomings (see Section 10b).

**Efficiency Rating**

Modest

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

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

### 6. Outcome

Relevance of the objectives was Substantial, based on alignment with country conditions, government strategy, and Bank strategy. However, both efficacy and efficiency are rated Modest due to low achievements. Restructuring simplified the scope of the project and shifted implementation arrangements in a manner that improved performance. However, the project was still faced with significant shortcomings internally (overestimation of stakeholder capacity, competition among implementing agencies) and externally (complex operating environment, including political economy pressures) that negatively impacted project outcomes. Overall, the project experienced significant shortcomings, producing an Outcome rating of Moderately Unsatisfactory.

a. **Outcome Rating**

   Moderately Unsatisfactory

### 7. Risk to Development Outcome

The risk to development outcome is strongly impacted by the country’s ongoing political unrest and political economy challenges, which may continue to influence government commitment and prioritization of government expenditure. The overall macroeconomic outlook plays a critical role in the government's ability to transition CBR positions to the core government budget. Continued peace talks and peacebuilding with the Taliban would further exacerbate challenges. The reintegration of Taliban and ex-combatants into the civil service corps would increase development expenditure. This would pose difficult trade-offs for the country’s fiscal sustainability and elevation of state capacity (ICR, p. 52).
Though the project upgraded key staff positions and improved ministry capacities in other areas, certain risks persist. For example, the adoption of the harmonized NTA scale was an important step driven by the project. However, this step risks sustainability due its continued external financing for “projectized” capacity. Moreover, NTA is costly and continues to be financed outside of the government's payroll. Loss of staff in the recruited CBR posts is a high risk, as many of these staff are in key director level positions who frequently lead on policy development, management, and technical execution issues.

In response to these challenges, the Bank was proactive in developing a smooth transition from CBR to the follow-on TAGHIR project as well as supporting analytical engagements to help the government determine a strategy for a more fiscally sustainable and meritocratic civil service. TAGHIR was designed to transition away from CBR’s projectized approach to full budget funding of key civil service positions. A financing strategy and partnership has been agreed in line with fiscal space considerations and prioritized LMAs. The new project’s financing strategy is grounded in the new Civil Service Pay Policy. This policy maintains the P&G structure as the single harmonized salary scale to classify all civil servant positions. At the same time, the project will introduce a variety of competency-based pay increases to supplement base P&G pay. While TAGHIR is an important transition mechanism to improve wage bill management, it is only a three-year operation and cannot be expected to secure sustainability. Turnover is a risk, particularly for those CBR positions that have not yet been deemed by the government as a priority for retention through TAGHIR. The ICR (p. 22) acknowledged that the project created a strong foundation and positive momentum for the successor TAGHIR project, but retention of CBR recruits through the core government budget cannot yet be determined. It is a long-term journey that requires consistency in government commitment.

8. Assessment of Bank Performance

a. Quality-at-Entry

The ICR (p. 34) reported that the project’s task team was comprised of experienced and committed members to provide technical support to the project. In the design stage, the team considered many relevant aspects such as strategic relevance, technical, financial, economic and fiduciary aspects. The 2011 World Development Report (WDR), the Bank’s Public Sector Management (PSM) strategy, and past support to Afghanistan through the Emergency Public Administration Projects (EPAP I and II) informed project design. EPAP I and II supported the establishment of the IARCSC with a mandate to both lead civil service reforms and manage the human resource functions of the government. The lessons learned from the WDR and PSM emphasized that effective interventions in government structures in fragile environments take longer than the traditional three-year project duration and should aim for service delivery results. Reflecting on these lessons, CBR was designed as a five-year facility that would complement existing ministry-specific service delivery and other sectoral reform programs. It was deliberately structured to encourage de-concentration of capacity and authority to manage resources to the sub-national level (EPP, p. 11).

The project anticipated several political economy risks in the operating environment. These risks included lack of central agency cooperation; bias in recruitment and selection of senior management; unethical behavior in the civil service; politicization of CBR project funding allocations; misuse of project funds; inter-cadre competition; weak service delivery accountability; limited impacts of TA; and pay setting risks. In addition, the project also anticipated that patrimonial nature of the state could impede
the process of building a merit- and skill-based civil service. To mitigate these risks, the project anticipated hiring a human resources firm to enhance compliance with recruitment policies.

Despite undertaking a thorough analysis, the project was not well-grounded in the realities of implementing public sector management projects in a country with very low capacity, continued years-long political unrest, and heavy reliance on aid. The project identified numerous risk mitigation measures; however, it heavily relied on assumptions that did not materialize. For example, the project assumed that the nature of the project would increase political commitment, implementation complementarity, and donor coordination and commitment on NTA rationalization and salary harmonization. In reality, donors did not harmonize NTA, and the government continued to pursue other NTA sources. In addition, these assumptions were reflected in the M&E framework, which proved to be ineffective (see Section 9).

Quality-at-Entry Rating
Moderately Unsatisfactory

b. Quality of supervision

Even across three restructurings, the Bank’s supervision of the project was prompt and responded to counterpart requests in a timely manner to align project activities with the government’s strategic priorities. The Bank’s technical and fiduciary teams worked closely with government counterparts, allowing the project to continue moving forward with restructuring even during disruption within the government in 2014. The teams worked to streamline and align project design with current government priorities. Due to significant delays in hiring a human resources firm, the Bank dedicated much of its supervision time to monitoring recruitment compliance until the firm was hired in 2014 (ICR, p. 28). The ICR highlighted that the dialogue around fiscal sustainability initiated by restructuring created a strong foundation and positive momentum for the successor TAGHIR project (ICR, p. 22).

From the appraisal to closing of the project, the task team leadership (TTLs) were changed once, at the restructuring in 2016. The Bank conducted regular supervision missions. The project also leveraged an in-country co-TTL and a Dubai-based TTL to supervise informal missions.

The task team provided intensive hands-on support to project implementation. The Bank provided ex-ante quality verification of recruitments ahead of procurement of the human resources firm. After restructuring, the firm was recruited, but the Bank team continued to oversee and uphold the integrity of the recruitment process. All contract approvals and performance management of recruited civil servants were conducted by IARCSC with close monitoring by the Bank. The team provided quality review of CBRPs and involved GP colleagues to add sector and ministry knowledge and nuance to reviews. The task team also updated the M&E framework for monitoring CBR and prepared and disseminated monitoring reports on behalf of MoF and IARCSC in the initial months (ICR, p. 35).

Quality of Supervision Rating
Satisfactory
Overall Bank Performance Rating
Moderately Unsatisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

Initially, the results framework was ineffective due to an overly ambitious reform agenda. The primary output indicators were divided between tracking capacity improvements and ministry performance. All four PDO output indicators were based on the assumption of LMAs’ ability and willingness to advance through the tier system. These assumptions never materialized. Furthermore, all indicators to measure outcomes were targeted at the highest tier (Tier 1). There were no indicators to measure progress or advancement at other levels of the Tier system.

The results framework was also ineffective due to the unclear roles and overlapping of mandate between two PSUs, MoF, and IARCSC. The results framework clearly identified the mechanism for data collection and monitoring by either the MoF Afghanistan Financial Management Information System (AFMIS) or through coordination between the IARCSC and its PSU. The initial arrangement was to have these MoF and IARCSC jointly produce quarterly assessments of project implementation and progress reports, but there was no coordination and cooperation between the two entities. As a result, the Bank did not receive progress reports during the period before restructuring.

The establishment of baselines for indicators was weak. The defined benchmarks were primarily from AFMIS or the IARCSC and its PSU. Some data supporting the setting of baselines were defined up-front, but others were defined only when ministries were approved to enter the CBR facility during the implementation period.

The results framework and data presented in the ICR did not include measures for some planned activities and outcomes. For example, there was no discussion on the adequacy of complaints handling through the established grievance redress mechanism.

b. M&E Implementation

Before restructuring, the reporting of project results framework was weak. The M&E unit was understaffed, which resulted in very little reporting or data collection on M&E.

After the first restructuring in 2016, a TOC was developed and the results framework was adjusted to better reflect and track progress. The TOC was adequately written to support the underlying challenges that the project aimed to tackle. The adjustment of the results framework included (i) dropping indicators that were irrelevant or had proven difficult to measure and/or attribute to the project; (ii) introducing new and/or revising existing indicators to reflect changes in the design and scope of project components; and (iii) introducing new indicators to meet the Bank’s corporate requirements on measuring core sector indicators, such as gender. The revised indicators were much more explicit in measuring both the capacity injection and service delivery components of CBR. After restructuring, a new reporting template was also introduced, including monthly CBR implementation briefings, and a CBR newsletter was produced and widely distributed. These measures allowed the M&E unit to regularly
report CBR progress on a monthly basis and strengthened project management. All involved stakeholders – LMAs, the Bank, donors, and other implementing partners – received monthly progress reports on CBR.

A firm hired to support the LMAs in developing and implementing CBRPs did not deliver on its objectives. It was side-tracked from its main quality assurance role. The CBRPs were not revised to streamline the new reform format in staffing, TA, and procurement. However, the task team added that during the firm’s engagement with the project, the firm managed to support some of the prioritized LMAs to develop a M&E plan with clear targets.

c. M&E Utilization

After restructuring, LMAs, the Bank, donors, and other implementing partners received monthly progress reports on CBR. The ICR (p. 33) noted that this reporting provided the level of detail the government and task team needed to rightly identify bottlenecks and appropriately respond. The project team showed the ICR Reviewer some examples of the M&E reporting templates, which constituted a systematic mechanism for both the project team and PSUs to monitor progress. This reporting system is still being used throughout the priority and non-priority LMAs.

The M&E system, however, in particular the indicators, was not designed to inform decision-making beyond the project. The system was largely output-driven, and the results framework did not include sufficient outcome indicators.

M&E Quality Rating

Modest

10. Other Issues

a. Safeguards

The project was classified as Category C and did not trigger significant social risks or negative environmental impact.

b. Fiduciary Compliance

Fiduciary management performance was impeded by lack of capacity to provide internal audit reports throughout the project cycle. During 2016-2019, the Bank did not receive any internal audit reports. This was due to capacity constraints within the Internal Audit Department of MoF and impacted the entire Bank portfolio in the country. At project closing, the financial management rating was Moderately Unsatisfactory due to ex post recruitment compliance audits. The Bank requested that all disbursements for non-compliant contracts be refunded (a total of US$475,670) (ICR, p. 33). Other shortcomings were related to control of fixed assets. A firm was hired to develop a fixed assets database, but the database was delivered too late to be adopted by the project. As a result, the project did not have a complete record
of fixed assets, no physical verification of fixed assets, weak contract management, and overall low budget utilization (ICR, para. 93, p. 33).

**After 2016, the Bank received all financial management reports in a timely manner except for the internal audit reports of the project.** There were no overdue interim unaudited financial reports or external audit reports. The project settled ineligible expenditures, and all fixed assets purchased from the grant were transferred to the IARCSC before the end of June 2019.

c. Unintended impacts (Positive or Negative)

The project team stated that the e-recruitment system has had impact beyond the scope of the project, having now been adopted by the civil service commission. The government continues to invest in the system, and today, the civil service recruitment process is done through this e-recruitment system for all ministries and all civil servant grade levels.

d. Other

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### 11. Ratings

<table>
<thead>
<tr>
<th>Ratings</th>
<th>ICR</th>
<th>IEG</th>
<th>Reason for Disagreements/Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome</td>
<td>Moderately Unsatisfactory</td>
<td>Moderately Unsatisfactory</td>
<td>The task team did a thorough analysis but did not adequately account for the reality of the institutional and political economy context. The shortcomings in project design were by and large responsible for the low achievement of intended outcomes. Risk mitigation measures were relied on assumptions that proved incorrect.</td>
</tr>
<tr>
<td>Bank Performance</td>
<td>Moderately Satisfactory</td>
<td>Moderately Unsatisfactory</td>
<td></td>
</tr>
<tr>
<td>Quality of M&amp;E</td>
<td>Modest</td>
<td>Modest</td>
<td></td>
</tr>
<tr>
<td>Quality of ICR</td>
<td>---</td>
<td>High</td>
<td></td>
</tr>
</tbody>
</table>

### 12. Lessons
The following are key lessons deriving from the ICR:

1. **Designing a project based on incorrect or incomplete assumptions can negatively influence project implementation and outcomes.** This project's initial design misread the level of political commitment. The tier system was overly complex and required commitment from high-level officials to see it through. At the time, the priority CBR ministries were led by acting ministers, which led to lack of commitment and ownership of the project. In addition, overestimating the ministries' capacity to absorb and manage the project jeopardized project outcomes.

2. **Unclear terms of reference for multiple implementing agencies can complicate coordination and unravel planned synergies.** The dual project implementation structure with two PSUs – MoF and IARCSC – resulted in lack of coordination and leadership, a problem that was exacerbated by limited capacity. Strong implementing partners with adequate authority and clear roles enhance implementation success.

3. **Third-party verification is critical in ensuring the transparency and quality of recruitment, particularly in fragile settings.** Third-party agencies can independently carry out robust ex-ante quality assurance and shield against political intervention.

4. **A demand-driven approach can encourage ad hoc requests, which can negatively affect project results.** This project's recruitment allocation allowed it to meet many important ad hoc needs across government. However, it ultimately contributed to limited impact across too many LMAs.

13. **Assessment Recommended?**

   No

14. **Comments on Quality of ICR**

   The ICR's quality is rated High. Given the complexity of the original project components and country context, the authors made a credible attempt to capture the issues facing the project and its outcomes. The ICR included a strong review of the country context and issues impacting project efficiency. It was commendably realistic about the difficulties of project implementation pre- and post-restructuring and the less than satisfactory outcomes. The narrative was concise and supported the ratings with available evidence. The ICR explicitly outlined the project's theory of change to underscore the project's intended logic and underpin the ratings.

   Though the ICR provided explicit ad comprehensive evidence to support its narrative and ratings, there were some minor shortcomings in the completeness of data and information. For example, there were inconsistencies in the reporting of actual project costs.

   a. **Quality of ICR Rating**
High