THE FEDERAL GOVERNMENT OF SOMALIA
MINISTRY OF FINANCE

RECURRENT COST AND REFORM FINANCING PROJECT, PHASE II

RCRF II PROJECT PROGRESS REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30th, 2018

TABLE OF CONTENTS

Table of Contents

I. BACKGROUND

The project will be the fourth operation to be financed from the World Bank's MPF. Both RCRFP Phase I and RCRF Phase II are part of an approved wider RCRF "program" to be delivered through the SOP modality that allows for predictable financing within the framework of a macro-fiscal and reform-based dialogue between the Bank and the authorities. The RCRFP Program aligns with the Government's policies and priorities and is prepared as a SOP, using a condensed procedure and taking into consideration the need for the client to make gradual improvements in capacity and overall performance. The Program focuses both on a short-term emergency operation designed to meet the urgent fiscal needs of the FGS, as well as a more sustained program of institutional reform and strengthening through follow-on projects.

It is designed to support the government's agenda on core systems strengthening, through better budget execution, fiscal stability, and sound Public Financial Management (PFM). It is also designed as a platform for engagement and dialogue on core economic governance issues, including: (a) a strengthened fiscal and budgetary framework; (b) more reliable and effective service delivery (i.e. in education and health); (c) laying the foundations for an inter-governmental financing framework, with eligible federal member states (d) increased transparency in budget management- i.e., reliable, transparent and verifiable salary payment and HR systems, procurement, and PFM; and, (e) engagement with citizens by promoting greater public access to information.

The first project in the series (RCRFP Phase I) financed and supported the development of an operational payroll and payment system at the Federal Government level for the non-security sector, paid for salaries of existing non-security sector staff of the Federal Government, and provided technical assistance and non-salary recurrent costs support to targeted departments in the FGS Ministries of Finance. This was intended to facilitate the strengthening of core government functions and basic service delivery, both of which are essential contributors to the increased relevance and legitimacy of Somali Government institutions.

Strategic Approach: There are important political and state building milestones in the state formation process that directs the context for RCRF II. The elements of Somalia's future federation are emerging and there is increasing strategic importance to ensure that federal states are part of the broader fiscal and administrative discussions. This is a new and important factor in the context for development assistance in Somalia. The federal states will engage with RCRFP II on the basis of a series of 'Readiness Criteria' before receiving financing, as set out under Component 2 below. The readiness criteria will cover strategic; macro-fiscal; and PFM/administration and will be followed by an ongoing process of routine monitoring relative to an agreed set of benchmarks in subsequent years. The indicative allocations for 2016-2019 consequently reflect a gradual increase in the proportion of RCRFP II financing available for interim and emerging states in anticipation of this trend.

The project will adopt a flexible approach to macro-fiscal dialogue through a series of annual reviews, timed to inform the various governments' budget preparation processes. These annual reviews will: (i) agree on the following year's financial support; and, (ii) make any adjustments to the remaining project years. The output of the annual review process would be an agreed document between the government and the Bank on the specific allocation for each of the components and activities for the fiscal year.

Macro-Fiscal Approach: The RCRF Phase II project represents a move away from gap-filling emergency support, towards a more developmental multi-year framework. This framework aims to provide predictability and stability, while ensuring a flexible and effective platform for dialogue around macro-fiscal performance, strategic impact of the budget, and inter-governmental fiscal relations. The macro-fiscal dialogue would focus on issues such as the eligibility of expenditures at federal and regional government levels, and assessed revenue, expenditure, and PFM reform benchmarks. The project will contribute to macro-fiscal and budgetary stability and will support government's efforts at ensuring stability and sustainability including setting up (i) a public-sector employment plan and a fiscally sustainable pathway for wages and salaries in relation to domestic revenues; and (ii) a balanced cash-based budget, based on a credible resource envelope, assessed by the World Bank in conjunction with the IMF to assess its fiscal dimension. In order to support the transition from RCRFP Project financing to domestic revenue financing of the wage bill, the Project will work with government and the PFM strengthening project on a revenue generation incentive activity from 2017 to support revenue policy and administration, within the existing resource envelope and as part of the annual review process.

This report presents the implementation status of the Recurrent Cost and Reform Financing Project (RCRF II) from the inception to quarter one of 2018 fiscal year. The project has registered a number of achievements over this reporting period. The project will be completed at the end in June 2020.

The strategic goal of this project is to support operational payroll expenditures that enable Federal Government of Somalia to pay salaries of Non-security sector employees and other Non-salary recurrent costs. The Phase I Recurrent Cost and Reform Financing (RCRF) project has been the first MPF grant to be operational and reflects the particular and emergency conditions that are facing the Federal Government at this sensitive point in the Somali transition period. The program is prepared as a phased program (Series of Projects).

This report presents the Progress, Financial and implementation status of the Recurrent Cost and Reform Financing Phase II Project (RCRF II) since the project became effective on July 2nd 2015 through March 31, 2018. The strategic goal of this project is to support operational payroll expenditures that enable Federal Government of Somalia to pay salaries of Non-security sector employees and other Non-salary recurrent costs. The Phase I Recurrent Cost and Reform Financing (RCRF) project has been the first MPF grant to be operational and reflects the particular and emergency conditions that are facing the Federal Government at this sensitive point in the Somali transition period. The program is prepared as a phased program (Series of Projects).

Phase one for US$16 million and for eight months from August 20 to April 30, 2015 (As extended from six months), with retroactive financing from July 2014 for civil service salaries. With same of objective of RCRF I, The RCRF Phase II project's development objective is to support an operational payroll and payment system for the non - security sectors and contribute to the credibility and legitimacy of the federal government of Somalia. Project allocated 66 million for 2015-2018, whereby 38.7 million of actual expenses out of 55,952,399.14 is allocated for Civil Servant Non-Security sector employees in Mogadishu as of June 30, 2018; thus, project is still using 2015-2018 budget due to number of budgeted activities, but has not been implemented as it was planned for.

On the other hand, The Federal Government of Somalia (FGS) has requested donors to provide additional fiscal support for urgent public works activities, to be undertaken by government through the second Recurrent Cost and Reform Financing Project (RCRF) of the Multi Partner Fund (MPF). In response to this, The World Bank and donors have agreed to make up to $6 million of additional (conditional) resources available for the FGS, on top of the ongoing support. The support is financed on a reimbursement basis as per the project's regular procedures. And the resources will be delivered in three tranches once is fully fulfilled policy benchmarks attached to the request. (See the policy benchmarks in Annex V.III)

II. PROJECT COMPONENTS

A. Component 1: Support to core government functions of MDAs in FGS

Sub-component 1.1: Financing of eligible civil service salaries in non-security sectors in FGS

Results achieved:

Financing of salaries of non-security sector civil servants is based on a declining scale over the project implantation with the objective that these would be phased out by the end of project when the government will ultimately finance all civil salary payment from its domestic revenues. Its defined development objectives include supporting the government to provide credible and sustainable payroll and to establish the foundation for efficient budget execution and payment systems for the non-security sectors in FGS and eligible member states as well emerging ones.

In March and April 2015, project paid U$1,600,000 for salaries of Non- Security sector employees for each month, which is 76% of payroll expenses for civil servants. In May payroll expenses, project had contributed U$1,500,000 that has covered 71% of overall payroll expenses for Non – Security sector in Mogadishu. In June payroll expenses, project has contributed $1,400,000, which is covered 66% of payroll expenses. July and August payroll expenses have been paid in Quarter 4 2015 and project has contributed $1,400,000 and $1,300,000 respectively where 62% and 57% were covered by project contribution to payroll expenses. September-October 2015 salaries were arrears budgeted in 2016 fiscal year and have been paid in Jan 2016 where RCRF II project has paid $2,300,000 out of $4,235,356 which were covered 57% and 52% of payroll expenses respectively.

In 2016 salaries, FGS paid January, February, March, April, May, June, July, and August 2016 salaries; where November - December 2015 salaries are also yet to be cleared. FGS has challenges in collecting sufficient revenues and payment of civil servant salaries and it is an obligation needs to be met by FGS. From the inception of the project, in overall civil servants' payroll expenses in total of $76,677,821, project has paid $36,767,980, which covered 47.95% of salaries cost from 2015-2018. Salaries of September, October, November and December of 2016 were not cleared as of this report.

In quarter III 2017, payroll expenses paid amounted $11,734,171 where project has contributed $2, 800, 000 out of amount mentioned above whereby $32,660 out of $2,800,000 was given to the EAFS Unit as a separate payroll batch. Following a request from the Government, the Bank agreed to revise the sliding scale process of the payroll expenditures for non-security civil servant employees. Quarter 4 2017, total payroll expenses was $11,834,077 where project has paid $2,537,228 out of total wage bill.

In quarter I 2018, payroll expenses paid amounted $5,868,156 where project has contributed $1,400,00 out of amount mentioned above. In quarter II, payroll expenses paid amounted 8,760,611 where project has contributed 1,925,904.67 of total payroll.

To mitigate the outstanding challenge of time and attendance, which in turn implicates government wage bill performance, on December 2017, government contracted HR Audit to undertake head counting exercise across government institutions. At the end of the assignment, it is expected a recommendation based on a clean payroll list addressing challenges relate to time and attendance.

Overall, as a result of political commitment from the senior leadership, government were able to pay complete payroll expenses of FY2017 for the first time which the project contributed its cap on time as well. The political momentum to pay civil salaries on time, still on right track in this reporting quarter as well.

RCRF Phase II Civil Salaries Payments from March, 2015 to February, 2018

Date	Civil servants presented to CBS for payment						No. Civil Servant paid in first 10 days at CBS	Staff who did not claim their salaries	
Month & Year	No.	Amount paid US$	Date payment Starts	Amount WB paid	% WB Paid	% FGS Paid		No.	US$
Mar 2015	4,095	2,101,192	13-July 15	1,600,000	76%	24%	3,923	172	101,681
Apr 2015	4,085	2,100,486	22-July 15	1,600,000	76%	24%	3,903	182	104,726
May 2015	4,097	2,107,878	01-Aug 15	1,500,000	71%	29%	3,906	191	114,406
June 2015	4,094	2,105,920	30-Sept 15	1,400,000	66%	34%	3,881	213	125,470
July 2015	4,083	2,101,844	26-Oct 15	1,300,000	62%	38%	3,883	200	119,926
Aug 2015	4,101	2,109,609	15- Dec 15	1,200,000	57%	43%	3,895	206	123,759
Sep 2015	4,110	2,117,678	20- Jan 16	1,200,000	57%	43%	3,955	155	96,099

Oct 2015	4,110	2,117,678	20- Jan 16	1,100,000	52%	48%	3,954	156	96,834
Jan 2016	4,329	2,319,994	10- Mar 16	1,000,000	43%	57%	4,186	143	89,683
Feb 2016	4,376	2,346,002	19- Apr 16	1,000,000	42%	58%	4,376	0	0
Mar 2016	4,397	2,356,903	11- June 16	1,000,000	42%	58%	4,397	0	0
Apr 2016	4,545	2,447,645	10- July 16	1,500,000	61%	39%	4,545	0	0
May 2016	4,635	2,490,483	14-Aug 16	1,500,000	60%	40%	4,635	0	0
June 2016	4,672	2,519,324	06-Oct 2016	1,500,000	59%	41%	4,672	0	0
July 2016	4,690	2,532,414	13-Nov 16	1,500,000	59%	41%	4,690	0	0
Aug 2016	4,771	2,573,322	22-Dec 16	1,500,000	58%	42%	4,771	0	0
Jan 2017	4,827	2,603,360	14-Mar 17	1,500,000	58%	42%	4,827	0	0
Feb 2017	4,849	2,621,245	04-Apr 2017	1,500,000	57%	43%	4,849	0	0
Mar 2017	4,901	2,648,153	02-May 17	700,000	26%	74%	4,901	0	0
Apr 2017	5,127	2,898,287	25-May 17	700,000	24%	76%	5,127	0	0
May 2017	5,151	2,914,712	22-June 17	700,000	24%	76%	5,151	0	0
June 2017	5,169	2,925,235	18-July 17	700,000	24%	76%	5,169	0	0
July 2017	5,215	2,945,079	28-Aug 17	700,000	23%	77%	5,215	0	0
Aug 2017	5,219	2,949,145	30-Sep 17	700,000	23%	77%	5,219	0	0
Sept 2017	5,223	2,950,550	04-Nov 17	700,000	23%	77%	5,223	0	0
Oct 2017	5,237	2,962,373	13-Nov 17	700,00	23%	77%	5,237	0	0
Nov 2017	5,233	2,960,473	13-Dec 17	700,000	23%	77%	5,233	0	0
Dec 2017	5,235	2,960,681	31-Dec 17	437,228	15%	85%	5,235	0	0
Jan 2018	5,206	2,944,569	21-Feb-18	922,744	32%	68%	5,206	0	0
Feb 2018	5,209	2,945,587	01-Mar-18	666,667	24%	76%	5,206	0	0
Mar 2018	5,200	2,938,312	3-Apr-18	666,667	23%	77%	5,200	0	0
Apr 2018	5,099	2,871,992	6-May-18	666,667	23%	77%	5,099	0	0
May 2018	5,223	2,950,307	27-May-18	666,666.67	23%	77%	5,223	0	0

Challenges, Implementation Risks and Potential Mitigation Measures:

There are several operational challenges identified by the project team in the payroll management system. Apart from the operational ones, other challenges relate to the government's overall fiscal performance. List of the challenges include the following:

- Salaries of November and December 2015; and salaries of September, October, November and December of 2016 were not cleared as of this report;

- Salaries of January, February, March and April 2017 slipped on 30 days on average basis;
- FGS liquidity constraint exerts pressure on payments;
- Eligible Civil Servants' salaries paid on time;
- Increasing number in civil service personnel across MDAs (This creates further fiscal imbalances);
- Weakness on staff files and archiving;
- Lack of accurate time and attendance

Sub-component 1:2: Financing of salaries and allowances to government staff and young graduates recruited under the capacity injection mechanism (CIM) in FGS

Results achieved:

This sub-component is financing salaries and allowances of a cadre (525) of critical advisory, managerial and technical staff to fill urgent staffing gaps identified by FGS through the Capacity Injection Mechanism (CIM). This includes salaries and allowances of a number of young graduates who are expected to be absorbed into the civil service. Core government functions that will be strengthened include (i) policy and strategy management (planning, implementation and M&E); (ii) financial management (budgeting accounting and auditing); (iii) procurement management; (iv) revenue mobilization and; (v) human resource management. We need to paraphrase this - ten pilot beneficiary institutions were identified in FGS while 9 were picked up in Puntland Beneficiary institutions and eligible positions will be selected instead of identified with the support of the World Bank and UNDP capacity Injection projects on the basis of agreed criteria.

The financing of a cadre salary has fully commenced in the beneficiary institutions of the project that started recruiting skilled staff under this sub-component. These institutions include Office of the Prime Minister, Office of the President, Ministry of Finance, Ministry of Planning and International Cooperation, Ministry of Energy, Ministry of Agriculture, Ministry of Labor and Social Affairs, Ministry of Public Work, Central Bank of Somalia and National Civil Service Commission. The project financed salaries of these institutions from March 2016 onwards. Financing of those newly injected staff across several other MDAs will be going in coming quarters of 2016. However, it is worth mentioning that CIM salaries were budgeted under the respective institutions and MDAs request payment by submitting signed individual contracts and approved timesheets to the EAFS for processing salaries. So far 143 individuals including CIM Coordinator have been recruited and placed in across the pilot institutions. Salaries for three months from March to May 2016 to June 2018 have been paid from project fund to those recruiters. All other CIP cadres who have been recruited are paid from project funds with MDAs budget allocation except Central Bank of Somalia staffers who have budget under the project.

FGS is committed to scale up recruiting skilled staff under this subcomponent to inject capable and professional staff across all MDAs. The number that has already been recruited would be integrated into the SFMIS.

The CBS's inability to provide bank statement on CIM salaries was addressed in this quarter and in a meeting convened by the Ministry of Finance and Central Bank of Somalia was agreed that going forward, the CBS has to provide bank execution report for CIM when Ministry of Finance makes payroll batch for all CIP recruited individuals.

Challenges, Implementation Risks and Potential Mitigation Measures

- MDAs' lack of capacity to submit necessary and complete CIM documents for payments on time, (Cut off dates are not considered. Submission documents not having necessary info like timesheets, delivery reports and so on);
- Individuals recruited under CIM ask for payments in person prior submission of their payroll by their institutions;
- Lack of CIM standarzation onto the SFMIS

Allocations and activities planned for 2018:

CIM planned to undertake further recruitment in 2018 across number of MDAs, which its budget forecast, was agreed with the Project Task Team Leader (TTL) during previous reporting quarters. However, it has been agreed that the recruitment of CIP cadres to be maintained in scaled down strategy.

Sub-component 1.3: Financing of eligible non-salary recurrent costs (NSRC) of MDAs in the FGS

Results achieved:

Claiming of Non- Salary recurrent costs for MDAs started at slow pace. First $2,000 of non-salary recurrent cost expenses incurred and paid was claimed on Withdrawal Application 2. EAFS office further received $5,000non-salary recurrent cost documents from Office of the Accountant General and has sorted them out for processing and handed over to Monitoring Agency for further review. 59 copies of supporting documents have been forwarded to MA for the USD 5,000 expenditure only. However, Monitoring Agency has released their opinion and report, where $1,680 out of 5,000 has been approved as eligible expenses. One single penny above the said threshold (1,999.99) caused ineligibility of $2,000 eligible expenses. The difference of 1,320 remains ineligible due to an expiration date of vendor license.

Due to long list of eligibility criteria and conditions set-forth, the processing of a number of NSRC expenses are still pending for monitoring agency's approval. The design of the eligibility criteria makes the work flow inefficient. If monitoring review procedural requirement remain intact and current circumstance on non-salary recurrent cost reviews remains unchanged, this sub-component will most likely continue to be underutilized. In 2017, total eligible NSRC expenses that project reimbursed for FGS amounted only $27,031.

Current eligibility criteria and difficulties in meeting certain conditions by the MDA on non-salary recurrent expenditures make the reimbursement processes almost impossible. The need for a TSA statement from the CBS as a proof for a vendor payment was in fact the main contentious criteria.

The project management team has suggested to the Monitoring Agent that this is to be replaced with a letter of confirmation from the CBS regarding the payment/payments in question. A decision on this is yet to be formalized. Attaching TSA bank statement with every transaction for a vendor is impractical and its one of the challenges on non-salary recurrent cost that the project implementation is facing for the time being. Based on country financial regulation, Accountant General mentioned that TSA bank statement and reconciliation is to be released quarterly. However, PIU is going to initiate further discussion with MA and selected MDAs on non-salary recurrent costs.

On the other hand, reimbursement of Non-Salary Recurrent Cost was considered as one of the benchmarks of the IMF-SMP (Staff Monitored Program) to ensure the reforms are implemented fully. Following this, in a meeting assembled by the MA, WB and the FGS to discuss this issue was agreed the following:

- Review the current eligibility criteria and operating manual and update to include existing contracts, procurement thresholds (above 2001 for shopping);
- MA and core group from the AG Office to review payments before they are submitted to the AG to ensure criteria is met;
- Identify 12 MDAs with high spending value to fast track the implementation of this sub-component;
- Develop a strategy to help those MDAs to access to NSRC;
- Adopt shared responsibility between the Bank and the FGS to move fast tracking implementation process;
- World Bank to provide advance (nationally $1 million to begin with) to address the first payment and act as incentive to prioritize operating costs.

To inform MDAs on the importance of this matter, on April 9th 2016, office of Accountant General and PIU held one-day training for MDAs director generals and other staff members from various government institutions. Over 75 participants have attended the one-day training. It was a successful session that participant inter actively discussed on how non-salary recurrent cost bottlenecks is solved. At opening of the training, handouts of eligibility criteria and procurement best practice written in Somali have been circulated and distributed to all participants.

Following points have been discussed in detail with the trainees and PIU team.

2) Legal Sources of NSRC:
    a. Section V Somalia RCRF II Project Implementation Manual
    b. Ministerial Order authorizing the AG not process NSRC payments unless MDAs fully adhere the eligibility criteria;
3) The eligibility criteria for non-salary recurrent costs to be claimed under RCRF II;
    a. Expenditures must relate to goods and/or services;
    b. Expenditures are charged on the appropriation budget line of the FGS budget;
    c. Expenditures are non-military;
    d. Expenditures incurred after effectiveness (likely signing date) of the RCRF II Grant Agreement;

e. Vendor is registered in SFMIS with a Business Registration Number issued by the Ministry of Commerce and Industry; or Benadir Region, a bank account, a physical address, a working mobile phone number and a working e-mail address;

f. Budget warrant duly signed by the Spending Authority as defined in the Appropriation Act;

g. Budget warrant in SFMIS duly authorized by the Budget Director of MoF, the Accountant General and the Auditor General, before the Expenditure Warrant is authorized;

h. Expense Voucher duly signed by the Spending Authority as defined in the Appropriation Act;

i. Expense Voucher in SFMIS duly authorized by the Accountant General;

j. Payment Instruction, printed directly from SFMIS, is signed by the Accountant General;

k. Original of the Payment Instruction is sent to CBS;

l. Vendors shall not be on the List of Individuals and Entities subject to measures imposed by paragraph 1, 3 and 7 of Security Council Resolution 1844 (2008) pursuant to Resolutions 751 (1992) and 197 (2009) concerning Somalia and Eritrea reaffirmed by UN Resolution 2142 (2014);

For cost claimed over USD 2,001, and costs under USD 50,000

- FGS has to ask minimum three bidders to prepare and submit a quotation;
- Bidders are requested to submit within stipulated time-lines with a minimum response time of 5 days;
- Bid evaluation shall comprise reputation & good record, financial & institutional capacity, experience, provision of equal opportunity to all eligible suppliers;
- Qualification and evaluation criteria will not be tailored to certain makes or brands, but be based on generic usage characteristics or fit-to-purpose criteria;
- No procurement activity can be broken down into smaller contracts to keep it beneath an established threshold.

Finally, training participants have fully understood overall topics under discussion.

Consequently, there is quite significant improvement on this issue as of the third quarter of 2016. The level of understanding of the MDAs for the eligibility criteria got improved drastically due to our continuous engagement with the 12 pilot MDAs intended to go through the process in place. Most of those 12 MDAs have had submitted eligible documentation worth of USD 114,000 that also went through the required payment process including the MA clearance. Subsequently and as agreed, AG paid this directly to vendor accounts.

However, the World Bank declined to approve the reimbursement of the said amount, due to the fact that four contracts with the value of over USD 50,000 each were among the submissions for reimbursement. The Bank questioned the nature and perhaps the timing of such contracts from the political institutions like the Office of the President, Office of the Parliament and Interior Ministry. As such, the Bank has turned down the entire requisition for reimbursement from the

AG Office, despite the fact that these transactions have all met the eligibility criteria that was initially drafted by the Bank and agreed by all sides including the FGS and MA - in the first place!

Finally, in the IMF benchmark, the number of payments to achieve by December has been revised to \$450,000 from \$2,000,000 in the initial projection.

To further accelerate this component, in February 2017, RCRF TTL and technical team led by the Project Manager of the project met in Mogadishu to discuss lessons learned of this item and to draft action plan for 2017. As an outcome, it has been discussed and agreed that specific object codes (like utilities, stationery, etc) and bank commission charged against domestic revenue have to be targeted as a way of getting NSRC disbursements moving.

In this reporting period, the FGS submitted 374 transactions with a value of \$1,800,000 of Non-Salary Recurrent Cost to the Monitoring Agent to advise on eligible cost for reimbursement. A share of this has found eligible for reimbursement. A total of 16 transactions are reported to be eligible and have met all the criteria required under this sub-component. In this quarter the MA declared eligible on substantial amount of NSRC that government submitted for review.

Challenges, Implementation Risks and Potential Mitigation Measures;

Current eligibility criteria and difficulties in meeting certain conditions by the MDA on non-salary recurrent expenditures make utilization and reimbursement processes almost impossible. The need for a TSA statement from the CBS as a proof for a vendor payment was in fact the main contentious criteria. Attaching TSA bank statement with every transaction for a vendor is impractical and its one of the challenges on non-salary recurrent cost that the project implementation is facing for the time being. Based on country financial regulation, the Accountant General argues that TSA bank statement and reconciliation is to be released quarterly. However, Project Management team planned to initiate further discussion with MA and World Bank on non-salary recurrent costs.

Other challenges include the following:

- FGS's liquidity constraint to pay approved transactions;
- Over half of ineligibility relates to costs incurred under contracts over \$50K. No procurement rules are defined for such purchases;
- Timeline of budget allocation - Expenditures relate to budgeting that are incurred prior to budget allocation approval;
- Procurement process – MDAs lack of capacity to follow due diligence;
- MDAs' unwilling or unable to meet the planned reforms;
- Lack of compliance enforcement from the Government to the success of this sub-component;
- World Bank's inflexible position to accept government request to treat this as an advancement as well as its changing position on the matter