



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 16-Mar-2017 | Report No: PIDISDSA19773



BASIC INFORMATION

A. Basic Project Data

Country Congo, Republic of	Project ID P160801	Project Name Integrated Public Sector Reform Project	Parent Project ID (if any)
Region AFRICA	Estimated Appraisal Date 13-Mar-2017	Estimated Board Date 04-May-2017	Practice Area (Lead) Governance
Lending Instrument Investment Project Financing	Borrower(s) Republic of Congo	Implementing Agency Ministry of Planning	

Proposed Development Objective(s)

The Project Development Objective (PDO) is to improve public resources management and accountability in the Republic of Congo.

Components

Strengthening Revenue Mobilization and Public Expenditure Management
Modernization of the Public Administration
Improving Transparency and Accountability
Project Implementation Support

Financing (in USD Million)

Financing Source	Amount
International Development Association (IDA)	40.00
Total Project Cost	40.00

Environmental Assessment Category

C - Not Required

Decision

The review did authorize the preparation to continue

Other Decision (as needed)



B. Introduction and Context

Country Context

The Republic of Congo (RoC) is a lower-middle-income, oil-dependent country in Central Africa with a per capita gross national income of US\$2,540 (as of 2015). From 2011 to 2015, Congo's annual growth rate has averaged 3.9 percent, which is lower than the 8.5 percent target set by the 2012–2016 National Development Plan (NDP) to achieve the country's ambitions to become an upper-middle-income country by 2025. This was largely due to the poor performance of the oil sector. Congo's revenue mobilization has declined due in large part to the fall in oil production, which is a direct result of the drop in global oil prices. During the last four years, oil production declined by an average annual rate of 6.2 percent, essentially due to interruptions of oil production in some offshore wells. The oil sector accounts for more than 60 percent of gross domestic product (GDP), 75 percent of government revenues and 90 percent of total exports. Accordingly, the country's economic performance is largely determined by oscillations in global prices and domestic production. Thus, recent developments translate into a high level of uncertainty with regard to public revenues.

Congo has a relatively small population of 4.1 million, about 65 percent of whom live in the urban corridor between Brazzaville and Pointe Noire. The country is highly urbanized with a high proportion of the population living in the two main urban centers. Both urban and rural areas are endowed with natural resources, including extensive forests, arable land and minerals, as well as a deep-sea port in Pointe-Noire, all of which offer considerable opportunities for economic growth and development beyond the oil and gas sectors.

The high levels of poverty, unemployment and inequality are significant threats to the country's economic development aspirations, as captured in the 2012-2016 NDP. These challenges are outlined in the latest Poverty Reduction, Growth and Employment Strategy Paper for the period 2012–2016, the main objective of which was to stimulate inclusive economic growth and to steer the economy away from its dependence on oil.

Congo faces persistent challenges during this period of relative socio-political stability, after a lengthy period of conflict throughout the 1990s. It ranks among the medium human development category of countries on the United Nation's (UN) Human Development Index. However, the country suffers from weak public institutions and limited implementation capacity in the public sector. As such, it has not fully capitalized on the opportunities offered by its significant natural wealth. Congo did not meet the Millennium Development Goals (MDGs) related to universal primary education completion, although it achieved gender parity in primary education and is close to parity in secondary education. Moreover, with an estimated population growth rate of 3.2 percent per year, the demographic transition is not yet in sight. The cohorts of youth entering the labor market are large and are expected to increase in the coming years, with limited prospects for employment. In addition, health and nutrition outcomes in RoC are not good enough.



Sectoral and Institutional Context

Congo ranks among the worst performers of resource-rich countries in the Country Policy and Institutional Assessment (CPIA) ratings on public sector governance cluster. Country's average score on the public sector management and institutions cluster during the period of 2005-2014 is 2.6, which is below the resource-rich Sub-Saharan African countries. Furthermore, the country lags behind in CPIA indicators on: (i) property rights and rule-based governance; (ii) quality of budgetary and financial management; (iii) efficiency of revenue mobilization; (iv) quality of public administration; and (v) transparency, accountability and corruption in the public sector.

The Government of Congo has embarked on reforms in a difficult environment of falling oil prices. Following the elections in 2016, the President articulated a vision statement, called "La marche vers le développement", which presents the development goals for the next five years. The reforms started with the appointment of a Prime Minister in April 2016. The Office of the Prime Minister has laid out the blueprints of a strategy to reform the public administration and public resource management systems to achieve the President's vision statement objectives.

In addition, the Economic and Monetary Community of Central Africa (CEMAC), of which Congo is a member, has adopted a series of recommendations to fight the financial crisis facing the zone. In response to these recommendations, the government has drafted a broader reform program to be supported by the Bretton Woods institutions. However, discussions within the government to make an official request from these institutions continue. In the meantime, the government has started the implementation of certain reform activities without losing time, including a civil service census to control growing public service workforce and payroll, as well as the transcription of the six CEMAC Public Financial Management (PFM) Directives into the national legislations. To date, legal texts pertaining to accounting regulations, the chart of accounts and the central government and the Table of Financial Operations of the State have been sent to the CEMAC Secretariat for review. In addition, the Transparency and Accountability Code on PFM has been published in November 2016, to promote transparency in public resources management by engaging with the Civil Society Organizations (CSOs).

In 2012, the government adopted a PFM Organic Law, which establishes a harmonized framework of public finances, through the strengthening of budgetary discipline. It places fiscal policy in its status as an instrument of economic policy and recovery through several innovations, including:

- Granting finance laws exclusive powers on tax policy—the new financial directives grants Finance Laws exclusive powers on taxation including determining the rules relating to the assessment, rate and collection of taxes of any kind;
- Strengthening of the efficiency of public spending through the integration of international best practices;
- Adoption of the budget in program mode by allowing the state to move from a culture of means to a culture of results;
- Introduction of multi-annularity to ensure greater visibility to fiscal policy;
- Respect of a number of principles and obligations, both for the management of public funds and public administrations;
- Rationalization and strengthening of the control system. The CEMAC PFM Directives reduce the control system by leaving only a priori control (that of the Financial Controller), but reinforcing the ex post controls, in particular parliamentary and judicial control.

Even though there is progress in reforming PFM systems in the country, the broader public sector modernization efforts are lagging behind. There is a need for developing and implementing a complementary public sector reform program to achieve efficiency and efficacy in public resource management. The following paragraphs summarize the



current situation of PFM systems as discussed in the recent PEMFAR report in length as well as implementation gaps in public resource management and public sector reforms that require urgent attention.

B.1 Public Financial Management

The recent economic update outlines PFM challenges as: (i) there is a lack of sufficient fiscal space due to low oil prices; (ii) the taxation system is complex, with a very high effective tax rate and limited capacity of Congolese revenue administration in generating substantial non-oil revenues; (iii) the non-compliance with budgetary rules and procedures; (iv) substantial delays observed in the country procurement system; (v) and the stalled reforms in PFM coupled with poor computerization leading to budget credibility issues.

B.1.1 Revenue Mobilization

Congo's total revenues were historically high compared to the regional average and were well above the convergence criteria of CEMAC. This mainly attributes to the high share of oil revenues as a percentage of total revenues. Oil revenues accounted for 38 percent of total revenues in 2015, compared to 70 percent in 2014 and 80 percent in 2011. As such, the falling oil prices in recent years have significantly impacted the composition of overall revenue mobilization. At the end of 2016, oil revenues were estimated at about 8.8 percent of GDP, as opposed to 17.9 percent of non-oil revenues.

As part of the continuing efforts to increase domestic revenue, the 2016 Finance Law included measures for improving tax administration, as well as revisions pertaining to personal income tax and new taxes in the forestry sector. The Law also modified taxes for telecommunications companies and levied taxes on bank transfers. In addition, as a result of the measure taken by government since 2008 to strengthen the capacity of the Directorate-General for Taxes (DGID) and the Directorate-General for Customs (DGD) the receipts from the value-added tax (VAT) has increased significantly. The share of VAT represented 7.0 percent of GDP in 2016, compared to 3.4 percent of GDP in 2011 and the customs revenues were estimated to 2.5 percent of GDP in 2016, compared to 1.3 percent of GDP in 2011. The increase of non-oil revenue is also attributable to tax administration reforms, such as the creation of a one-stop shop (guichet unique) for customs operations, the transition from the Automated Systems for Customs Data (ASYCUDA++) to the new efficient automated Customs Data System (SYDONIA WORLD), the introduction of the unique taxpayer identification number, and the payment of taxes through the commercial banking system. However, a number of challenges remain, such as: (i) the integrated State Expenditure and Revenue System has not yet helped with budget execution and record keeping; (ii) the automated tax collection system is still not yet operational; and (iii) work is needed to strengthen further the Tax Administration.

In order to increase non-oil revenues, the government is trying to diversify its revenue base, with an emphasis on the collection of forestry and property taxes as well as registering economic activity to collect taxes. Forestry generates a turnover of approximately US\$200 million per year and contributes about US\$40 million, nearly 40 percent of which are not reversed to the state due to diversion of funds. The existing loopholes in the tax code and tax collection further limit the efforts to raise revenues from this sector: collection rates of the various forestry taxes ranged between 44 percent and 75 percent between 2013 and 2015. As there are limited budgetary resources allocated for the sector, resources at the local level are diverted for direct use by the forestry administration. The absence of transparency and lack of knowledge about existing forestry resources limit the capacity to control forestry exploitation and affect the implementation of sectoral regulations. To address these issues, effective revenue mobilization is a priority together with improved administrative capacity in order to improve sectoral governance through a capacity building program and an effective monitoring mechanism.

The urbanization rate of Congo represents an important potential for growth and development, as well as revenue



from property tax. With more than 70 percent of the population living in urban areas, Congo is one of the most urbanized countries in Sub-Saharan Africa. Property tax has been introduced in Congo since the 2015 budget. However, it will take time to fully exploit the property tax base as establishing a reliable cadaster and improving property tax administration capacity are difficult tasks.

Congo suffers from informality of economic activity. The informal economy accounts for 28.8 percent of GDP, and employs more than 80 percent of the working population, which poses a challenge for the government in terms of mobilizing tax revenues. It makes broadening the tax base and increasing the number of taxpayers very difficult.

B.1.2 Expenditure Management

The volatility of the budget execution rates continues to be an important challenge in Congo. After fluctuating between 88.4 and 104.4 percent during the period of 2008-2013, the budget execution rate reached 80.65 percent in 2016 compared to 87.9 percent in Kenya and 94.0 percent in Nigeria. The lower budget execution rate affects the quality of the expenditure, as well as the desired attainment of sectoral outcomes. For example, although the budget allocation for strategic sectors such as health, education, energy, and agriculture increased by 10 percent between 2008 and 2013, there have been very little improvements in sector outcomes due to low budget execution rates.

In recent years, particularly since the launch of the Heavily Indebted Poor Countries (HIPC) Initiative, the Congolese authorities have adopted a number of significant public finance reform measures to improve the efficiency of spending, including the 2006 Action Plan for the Improvement of Public Financial Management (PAGGF), the 2008 Action Plan for the Improvement of Public Investment Management (PAAGIP, revised in 2011), the 2009 Procurement Code, and the 2012 Organic Law on the State Financial System (LORFE). In addition, the Congolese authorities have developed an information technology master plan with the objective of improving the efficiency of PFM systems. As part of this master plan, an automated tax collection system (SYSTAF), an automated customs data system (SYDONIA) and a certification mechanism for oil revenues have been developed. However, despite the efforts to establish an Integrated State Expenditure and Revenue System (SIDERE), there has been very little progress. As a result, the inefficiencies in the expenditure and revenue systems hamper efficiency gains in public resource management, particularly in public investment system.

The large investments made by the government during the last decade, an average of US\$600 million per year, have not resulted in substantial reduction of regional and social inequalities and infrastructure gaps. Since 2010, the government has undertaken a massive infrastructure campaign, which ostensibly aims to diversify the economy. The government has used most of the available resources from public debt reduction to increase its infrastructure spending, thereby raising its commitment to meeting its development priorities set out in the NDP for the period of 2012-2016. However, the weaknesses in the monitoring and evaluation framework of the NDP make the review of the achievement of results difficult.

In addition, poor selection of investments through the public investment management (PIM) system, a lack of coordination and low absorptive capacity of the construction sector as well as weaknesses in public procurement, have led to significant inefficiencies. Classic examples of inefficient investment are the Imboulou Dam Project and the Congo Power Station (CEC), where the government has invested over US\$1.6 billion without improvements in the electricity access rate. In addition, the high cost of building infrastructure in Congo also reduces the efficiency of public investment. For instance, the cost of building a road in Congo is the highest in the region. Substantial reforms of the public investment system including planning, budgeting, and implementation are needed. Specifically, the government should consider to: (i) adopt and implement a transparent and objective process of investment project



selection within public agencies, institutions, and line ministries; (ii) plan and coordinate investment decisions with all institutions relevant for the investment; (iii) decelerate the pace of public investment to allow the building up of the supply side of the construction industry in Congo; and (iv) target the allocations of public resources and provide a geographic coverage of the budget by division or rural vs. urban areas.

Furthermore, the lack of effectiveness and efficiency of the public procurement system continues to affect public investment spending. Significant progress has been made with the introduction of the new procurement code in 2009, including the: (i) decentralization of procurement functions to ministerial departments by the creation of public procurement units (CGMP); (ii) introduction of open tendering as a basic principle; (iii) establishment of a complaints review mechanism for monitoring and processing appeals; (iv) operationalization of the Public Procurement Regulatory Authority (ARMP) and the Public Procurement Controlling Directorate (CGCMP); and (v) design of a national capacity building strategy and training of actors involved in the implementation of the procurement code. Despite this progress, the implementation of the new procurement system has not yet addressed all the weaknesses of the procurement system in terms of efficiency, economy and transparency. The main problems remain: (i) deficiencies in the planning and budgeting of public investment; (ii) a lack of interest by the private sector in meeting public demand; (iii) a high level of fraud and corruption associated with insufficient controls and sanctions; (iv) weak capacity of civil servants in charge of procurement; and (v) poor performance by the entities responsible for conducting public procurement transactions in line ministries, as well as those involved in the controls and approvals.

The recent evaluation, carried out by the ARMP in August 2014, indicates that the capacities and performance of the Public Procurement Management Units (CGMP) are very uneven. In addition, the new configuration following the appointment of a new government resulted in strong mobility for CGMP members. In some ministries, the CGMPs are closely dependent on the cabinet of the Minister. They are usually replaced when ministers change. As a result, the level and capacity of CGMPs, including General Delegation of Major Public Works (DGGT), have been considerably weakened. The number of files rejected by the ARMP and the Public Procurement General Controlling Directorate (DGCMP). The low level of execution of procurement plans (only 30 percent), is a testament to procurement deficiencies.

Public procurement control and approvals need to be improved for the enhancement of the integrity and transparency of the system. Although public procurement audits are conducted for the last three years, the samples of reviewed contracts were very limited. More importantly, these audits didn't include high value contracts (above 1 billion Central African Francs (FCFA)). The reports are not publicly accessible. Moreover, the complaint review mechanism is ineffective as the private sector is reluctant to file complaints due to lack of trust.

B.2 Public Administration and Sector Reforms

The public administration reform is a high priority for the government of the RoC, but there is no modernization strategy in place yet. The Congolese administration was created after the independence of the country in 1960 on the basis of the colonial administration. However, it has not been reformed since then. It is important for the RoC to design and implement a reform strategy with objective to modernize its public administration.

Although Congo has yet to ratify the African Charter on values and Principles of Civil Service and Administration, several of the values and principles are highlighted in a recent government document—Projet de plan stratégique de réforme de l'État. Evidence in this draft document suggests that there are serious deficits of professionalism and integrity in the civil service, manifested through poor human resource (HR) management and the unreliability of the personnel data including strong evidence of ghost workers.



There is a wide divergence in the estimation of total number of civil servants. Congo is estimated to have around 80,000 civil servants. However, this number is not reliable as there is no civil service database based on a civil service biometric census. A lack of a reliable database for the civil servants prevents the government from grasping an accurate size of public sector which accounts for 19 percent of the public spending. The draft government document on Strategic Plan identifies two main causes of poor civil service personnel data: (i) weaknesses in the coordination between the Ministry of Civil Service and Ministry of Finance; and (ii) corrupt practices of civil service personnel management within the ministries, departments and agencies (MDAs).

Although the Ministry of Civil Service has overall responsibility for personnel management, several MDAs directly recruit staff for whom they obtain ex-post regularization. While the legal framework and strategic plans have been developed to improve public financial management, without a computerized HR management system, staff can freely move from one department to another, or from one city to another, without approval by the relevant authority. A lack of strategic planning for training with insufficient budget for training/staff development amplifies the problems of mismatching of skills and experiences with necessary position. Furthermore, there is no civil service strategy for career management and recruitment, which leads to disconnect between the needs and actual recruitment.

The challenge posed by weak civil service implementation capability for achieving the country's development goals is highlighted in the draft government document on Strategic Plan for State Reform (2016). The document attributes the overall low efficiency and competence of civil servants to the following factors: (i) low morale due to frozen pay levels (since 1994); (ii) poor working environment with inadequate buildings, equipment and furniture; lack of systematic evaluation of the performance of civil servants with a view to promoting them; (iv) lack of training and re-training programs; (v) slow internal communication within and among the MDAs. The document proposes the following remedial measures in its "Matrix Framework for Results":

- Improve civil service performance through provision of tools and procedures for ensuring results-oriented management (*gestion axée sur les résultats*) and introduce a new performance evaluation system; promotion of change management culture; improving relationship between the civil service and the public; and redefinition of the mission and programs of the National School of Administration and Management.
- Strengthen professionalism and ethical standards in the civil service through developing, publication and enforcement of a code of ethical standards for civil servants with a monitoring mechanism; create a national corruption observatory with the involvement of civil society for effective monitoring of the fight against corruption in the civil service; and introduction of practical methods of sanctions and rewards in respect of civil servants' performance.
- Modernize management tools and information systems within the civil service through simplification and automation of procedures; developing information/communication systems such as Intranet across the government, e-administration, electronic archives; ensuring coherence in the choice of technological services within the civil service; ensuring interconnected network among MDAs and between central government and subnational governments; and provision of tailor-made ICT training programs for civil servants.

B.2.1 Governance in Sectors

Oil and forestry are the most important sectors of the Congolese economy. In recent years, there have been significant government efforts to comply with international standards in these sectors, including Extractive Industries Transparency Initiative (EITI) and Reducing Emissions from Deforestation and Forest Degradation Program (REDD+).

The government received EITI approval in 2013. The RoC is a leading producer of crude oil, diamonds and gold. It also produces smaller quantities of copper, lead, zinc, construction materials and, more recently, of phosphates and uranium. The country joined the EITI in 2004 and obtained the status of candidature in 2008. In 2013 the EITI board



declared the country compliant with the requirements. The Poverty Reduction Strategy Paper of the government celebrated this: “In the mining and oil sector, the government has devoted considerable effort to improving the transparency of natural resource management, especially in the context of its membership in 2004 to the EITI. This action was followed by the establishment of appropriate national structures, certification of oil revenues, and audits of oil company accounts (oil cost audits).”

The country needs to continue complying with EITI requirements to maintain its EITI status, in order to attract foreign investment to develop mining and gas fields, as well as the diversification of oil production. Thanks to the EITI, Congo has, among other things, succeeded in (i) the publication of quarterly reports that include data on oil sales by the National Petroleum Company of Congo (SNPC) and transfers of revenues between the latter and the Treasury; (ii) the inclusion in the EITI reports of crude oil resulting from production sharing contracts and its monetization, which has contributed significantly to the transparency of this important part of the national economy; (iii) Oil companies now pay taxes directly to the Treasury and not to intermediate Government institutions; and (iv) adoption of a roadmap setting out the steps which will lead, from January 1, 2020, to the disclosure of the real beneficiaries of undertakings operating in the sector.

Although Congo is covered with forests, its non-land use change and forest (LUCF) emissions rose 206 percent between 1990 and 2012. The country has committed to lowering its greenhouse gas emissions by 54 percent by 2035 at the 21st Conference of the Parties of the UN’s Framework Convention on Climate Change. As part of Congo’s efforts to reduce greenhouse gas emissions, the government is espousing REDD+ to better manage its forests, while also driving economic development and diversification. REDD+ payments represent a way for the country to get paid for climate mitigation services rendered to the global community. It also represents an opportunity to add revenue streams for the forest sector, while the performance-based nature of REDD+ provides an incentive to improve forest governance and management in an effort to qualify for the payments. However, institutional constraints of the implementing agencies involved in REDD+ pose challenges for achieving sector-wide results. Investing in the modernization of decentralized elements of the forest administration is expected to boost Congo’s chances of realizing the potential of its Sangha/Likouala Emissions Reductions Program (ER-P) to pilot REDD+ at a jurisdictional level, which is aligning performance-based financing of US\$60 million with an additional US\$108 million in investments. Ultimately, such efforts are expected to have a positive impact on improving overall resource mobilization in the sector.

Congo has an outdated institutional and regulatory framework for the State-owned enterprises (SOE) sector. The SOEs are governed by Law 13-81 of March 14, 1981. As of November 2016, there are 49 SOEs largely concentrated in critical sectors of the economy, such as transport, energy, infrastructure, banking, and insurance. The portfolio includes 22 companies with majority state ownership of 100 percent, with six enterprises where the state owns more than 50 percent and 21 minority owned companies. Although some profitable companies pay regular dividends (a total of FCFA 17 billion or approximately US\$28 million in 2015), some companies do not pay any dividends, some have tax obligations, some are not profitable, and majority of them do not file their financial statements with the Ministry of Finance, as required by the Decree n0-2002-369 of November 30, 2002. In the context of social service delivery, the most important SOEs are: Société Nationale d’Electricité (SNE) and Société Nationale de Distribution d’Eau (SNDE).

B.3 Public Sector Transparency and Accountability

The control environment on budget execution is weak. Controls are exercised by two oversight institutions: The Inspectorate General of Finance (IGF) for internal control and the Supreme Audit Authority (SAA) for external control. The functioning of these oversight institutions is impaired because of inadequate budgetary allocations, as well as the



lack of qualifications and training of staff. A common challenge for the control environment is that the audit reports' recommendations are not always implemented. The central authorities usually fail to impose sanctions, leaving very little incentives for ministries and companies to change their behavior.

The SAA does not fully exercise its powers due to lack of independence. The SAA is able to carry out audits for less than 50 percent of total expenditures due to the lack of capacity. In addition, audit reports are not submitted to the Parliament on time, therefore settlement laws are not produced on time. The recommendations of the SAA are not implemented due to the lack of follow-up capacity and willingness by the Ministries and State Owned Enterprises. Furthermore, there are no sanctions imposed by central authorities to delinquent ministries and SOEs. Moreover, the SAA does not apply the international auditing guidelines and standards as described by the International Organization of Supreme Audit Institutions (INTOSAI) and the Regional Training Council of the Supreme Audit Institutions of the State, French-speaking Sub-Saharan Africa (CREFI AF). To address these issues, an organic law is being prepared which should establish the independence of the SAA, and affirm its new responsibility for assessing the performance of public expenditures in accordance with international auditing guidelines and standards.

The budgetary authority in Congo is the Parliament. Its functions include adopting the budget and controlling its execution through its two Economy and Finance Committees. However, the audit reports of these two Committees are of very poor quality due to the lack of capacity needed to carry out control function. It is important to note the following distinction. The IGF, which is under the supervision of the Ministry of Finance, has a mandate to carry out internal audits regarding the execution of the state budget. The mission of the SAA is to carry out the external audits of the execution of the state budget, and is under the supervision of the Parliament.

Congolese CSOs have limited capacity to exercise external control over the implementation of public policies by the government. There are limited resources available for CSOs to carry out their function as outside watchdog organizations. As a result, there is a need to further improve access to information to inform the citizens about the quality of services. In addition, CSOs need to be actively engaged in independent monitoring of budget execution. To this end, the following challenges will need to be addressed: (i) access to information to ensure proper monitoring by CSOs; (ii) publication of detailed information about the public investment budget; (iii) building capacity within CSOs to allow their staff to monitor the implementation of key governance reforms; and (iv) dissemination of CSO monitoring activities to build citizen trust and reliance in the system.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

The Project Development Objective (PDO) is to improve public resources management and accountability in the Republic of Congo.



Key Results

- (i) PDO Indicator 1: Increase in non-oil tax revenue (cumulatively, as percentage of the non-oil tax revenue base);
- (ii) PDO Indicator 2: Capital expenditure execution rate (as percentage of total capital expenditures);
- (iii) PDO Indicator 3: Civil servants managed through the civil service registry (Le Système Intégré de Gestion Administrative et Salariale du Personnel de l'Etat (SIGASPE), in percentage);
- (iv) PDO Indicator 4: Coverage of internal audit (as percentage of total expenditures).

D. Project Description

The proposed operation covers selected areas deemed critical to achieving project development objectives. The project design has been informed by Bank analytical work (including the Performance and Learning Review of the Country Partnership Strategy (PLR), Public Expenditure Management and Financial Accountability Review (PEMFAR), and Policy Notes on governance aspects) and the Action Program of the RoC. However, there is a need to deepen our knowledge on various aspects of governance challenges the country face, therefore the Integrated Public Sector Reform Project will employ a knowledge generation strategy.

As the scope of governance is quite wide, a selective approach will be employed to support the implementation of the government's priorities. Depending on progress made in the implementation of reforms and the appetite of the government to reform, the project coverage may be extended in a second phase. The project will focus on three blocks of reforms, which are: (i) PFM; (ii) public administration; and (iii) transparency and accountability. Accordingly, the project is organized into four components, including: (i) Strengthening Revenue Mobilization and Public Expenditure Management; (ii) Modernization of the Public Administration; (iii) Improving Transparency and Accountability; and (iv) Project Implementation Support.

E. Implementation



Institutional and Implementation Arrangements

The Minister of Planning has been identified as a reform champion during project preparation. The project will be implemented through a Project Coordination Unit (PCU) that will be created and placed under the leadership of the Ministry of Planning. . The PCU will manage the fiduciary functions of the project. To ensure better coordination of various reform efforts and swifter implementation of activities, the PCU will have the added responsibility of following up on project implementation in the various ministries Otherwise key beneficiaries will be responsible for the implementation of their activities. The PCU in charge of the on-going Statistics Capacity Building Project will manage the fiduciary aspect of this project, until the project’s PCU and fiduciary structure is established. However, it is agreed to gradually move responsibility to the procurement units in the line ministries involved in the project, once the ceiling for decentralizing procurement is increased from its current level.

A technical Steering Committee will be established to provide strategic oversight for the project. The Steering Committee will be chaired by the Prime Minister’s Advisor in charge of Governance, with the technical support of the PCU. The steering committee will consist of representatives of both cross-cutting and key spending ministries.

The Project Implementation Manual (PIM) will define the roles and responsibilities of each stakeholder in the project, including the relationship between institutions, rules and procedures, as well as processing times to react to specific requests from the Bank and/or the government. It will be finalized by the PCU, in close collaboration with the beneficiaries, before project effectiveness. A national consultant will be hired to finalize the draft PIM through the PPA. This will be done in consultation with the project’s implementing agencies. It will also facilitate its validation by promoting full ownership of its content by all of the stakeholders involved.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

Congo-Brazzaville

G. Environmental and Social Safeguards Specialists on the Team

Lucienne M. M'Baipor

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	
Natural Habitats OP/BP 4.04	No	



Forests OP/BP 4.36	No
Pest Management OP 4.09	No
Physical Cultural Resources OP/BP 4.11	No
Indigenous Peoples OP/BP 4.10	No
Involuntary Resettlement OP/BP 4.12	No
Safety of Dams OP/BP 4.37	No
Projects on International Waterways OP/BP 7.50	No
Projects in Disputed Areas OP/BP 7.60	No

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

N/A

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

N/A

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

N/A

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

N/A

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

N/A

B. Disclosure Requirements

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)



The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?

NA

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

NA

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

NA

Have costs related to safeguard policy measures been included in the project cost?

NA

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

NA

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

NA

CONTACT POINT

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APPROVAL

Task Team Leader(s):	Jean Mabi Mulumba
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Approved By

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Practice Manager/Manager:	Hisham Ahmed Waly	17-Mar-2017
Country Director:	Ahmadou Moustapha Ndiaye	21-Mar-2017