



RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF  
STRENGTHENING PUBLIC RESOURCE MANAGEMENT  
APPROVED ON JUNE 23, 2017  
TO  
MINISTRY OF ECONOMIC DEVELOPMENT AND TRADE  
GOVERNANCE  
EUROPE AND CENTRAL ASIA

|                                  |                                  |
|----------------------------------|----------------------------------|
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## ABBREVIATIONS AND ACRONYMS

|         |  |
|---------|--|
| DEU     | Delegation of the European Union                               |
| EC      | European Commission  |
| EUroPAF | EU Program for the Reform of Public Administration and Finance |
| HRMIS   | Human Resource Management Information System                   |
| IS      | Information Systems  |
| MEDT    | Ministry of Economic Development and Trade                     |
| MoF     | Ministry of Finance  |
| NCSA    | National Civil Service Agency                                  |
| PFM     | Public Finance Management                                      |
| RfB     | Request for Bids   |



## BASIC DATA

### Product Information

|                      |                              |
|----------------------|------------------------------|
| Project ID           | Financing Instrument         |
| P161586              | Investment Project Financing |
| Original EA Category | Current EA Category          |
| Not Required (C)     | Not Required (C)             |
| Approval Date        | Current Closing Date         |
| 23-Jun-2017          | 30-Jun-2019                  |

### Organizations

|  |   |
|--|---|
| Borrower                                   | Responsible Agency  |
| Ministry of Economic Development and Trade | Ministry of Finance of Ukraine, National Civil Service Agency |

### Financing (in USD Million)

## SUMMARY

|                    |      |
|--------------------|------|
| Total Project Cost | 3.49 |
| Total Financing    | 0.00 |
| Financing Gap      | 0.00 |

## DETAILS

### Project Development Objective (PDO)

Original PDO

Improving Transparency and Efficiency in Public Resources Management by:

- (i) Automating government personnel and payroll information; and
- (ii) Enhancing MOF's capacity in management of public financial information



### Summary Status of Financing

| TF       | Approval    | Signing     | Effectiveness | Closing     | Net        | Disbursed | Undisbursed |
|----------|-------------|-------------|---------------|-------------|------------|-----------|-------------|
|          |             |             |               |             | Commitment |           |             |
| TF-A5324 | 26-Jun-2017 | 30-Jun-2017 | 28-Aug-2017   | 30-Jun-2019 | 3.55       | .30       | 3.26        |

### Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No



## **I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING**

### **A. Project Status**

1. The Project is under implementation and is making progress. Recipient-executed activities are implemented by the National Civil Service Agency (NCSA) under the Project's Part A "Strengthening Human Resource Management in Public Administration Institutions" and by the Ministry of Finance (MoF) under the Project's Part B "Support to PFM Strategy Implementation" through grant funding (TF0A5324) as part of the EU Program for the Reform of Public Administration and Finance (EUROPAF TF). Financial management (FM) arrangements for the project are rated as Satisfactory, and FM risk remains Moderate (as per FM monitoring as of March 2018). The Project received temporary audit exemption for 2017 audit, and the first grant audit for both implementation agencies (NCSA and MoF) will cover the period from grant effectiveness to December 31, 2018. As of June 30, 2018, the amount of Grant proceeds committed under the recipient-executed activities totaled EUR 459,750 of which EUR 90,192 has been disbursed under signed contracts. The Project's original Closing Date is June 30, 2019.

2. The Project's Part A is aimed at procurement and installation of a Human Resource Management Information System (HRMIS) in Ukrainian government bodies. Other procurements under Part A include several small packages covering services of individual consultants to support the Project implementation and preparation of the key HRMIS procurement package. As of June 30, 2018, total commitments under the Project's Part A equals USD 170,780 (or equivalent of EUR 141,603) with actual disbursement of EUR 55,720. On December 1, 2017, the Cabinet of Ministers of Ukraine adopted a high-level Concept for HRMIS implementation in public administrative institutions. NCSA will implement HRMIS in two phases. Phase I will include implementation of HRMIS/Payroll System for core functions in several (up to 22) central executive bodies. Phase II will cover the development of several additional HRMIS modules and the country-wide roll out of the system. While the RFB is prepared for the whole HRMIS/Payroll System, including Phases I and II, but in view of funds available under the EUROPAF TF and the time required for HRMIS system implementation, the original contract will be signed only for the Phase I (to be implemented within the framework of the EUROPAF TF) with extension options to further cover Phase II subject to availability of additional funds and successful completion of the first phase. NCSA has finalized the Request for Bids/RFB for the supply and installation of the HRMIS/Payroll solution at the end of July and announced the bidding procedure on August 1, 2018.

3. Four out of five key procurement packages under the Project's Part B are currently under implementation. Three of these activities shall be completed by the end of 2018 (procurement of E-Views licenses, workstations, and ICT audit). As of June 30, 2018, total committed amount under Part B was about EUR 318,150 with actual disbursements of EUR 34,471. The fifth package, procurement of consulting services to develop functional and technical requirements for the budget planning module upgrade, is expected to be contracted by the end of 2018, with implementation completion in the second half of 2019, which will likely take it beyond the current Project Closing Date of June 30, 2019.

### **B. Rationale for Restructuring**

4. This Project Restructuring relates to a no-cost extension of the Project's Closing Date and is based on the Recipient's (MEDT) request dated July 5, 2018 to extend the Project's Closing Date by 13 months till July 31, 2020, (attached). Starting in 2017 the Bank team discussed and agreed with the EC on the extension of the Project's Closing Date objectively needed for implementing the HRMIS related activities. As a result, the Administration Agreement between the European Commission and the World Bank concerning the Parallel EC-World Bank Partnership Program for



Europe and Central Asia Programmatic Single-Donor Trust Fund (TF072780) (EUROPAF) amended on May 14, 2018 has extended the EUROPAF Program implementation in Ukraine until July 31, 2020.

5. Additional time will be needed to complete the activities under Project Part A, particularly the procurement and implementation of the HRMIS. In view of the expected duration of the bidding procedure for the procurement of information systems (IS), the implementation of the contract for HRMIS supply and installation will not start before the end of 2018 calendar year. Based on the historical experience of implementing similar IS contracts and results of market analysis on HRMIS solutions conducted by the NCSA in April 2018, the minimum time that may be required for HRMIS implementation is 18 months. As a result, the HRMIS supply and installation is not likely to be completed before June 30, 2019, or after the Project's current Closing Date. Extension of the Project's Closing Date to July 31, 2020, is required in order to provide sufficient time (up to 18 months) for the NCSA to implement Phase I of HRMIS/Payroll System.

6. The proposed extension will also allow sufficient time for procurement of consulting services to develop functional and technical requirements for the budget planning module upgrade under the Project's Part B. It is expected that this activity's implementation will go beyond the current Closing Date and be completed by the end of 2019.

7. Progress towards the project development objective (PDO) remains Satisfactory and according to the agreed time-bound implementation plan all the project activities will be completed before the proposed new Closing Date. The recipient, through its implementing agencies, shall finalize all envisaged Project activities within the extended period, as agreed with the donor and reflected in the amended Administration Agreement. Specifically, NCSA, under Project's Part A shall implement first phase of HRMIS/Payroll system for core functions in up to 22 central executive bodies by July 2020, and MoF shall complete all activities under the Project's Part B by the end of 2019. The proposed extension will constitute the first extension of the Project Closing Date.

## II. DESCRIPTION OF PROPOSED CHANGES

### A. Extension of the Closing Date

8. The proposed change is to extend the Closing Date of the Recipient-Executed TF from June 30, 2019 until July 31, 2020 to allow completion of planned project activities.

## III. SUMMARY OF CHANGES

|  | Changed | Not Changed |
|--|---------|-------------|
| Change in Loan Closing Date(s)             | ✓       |             |
| Change in Implementation Schedule          | ✓       |             |
| Change in Implementing Agency              |         | ✓           |
| Change in Project's Development Objectives |         | ✓           |
| Change in Results Framework                |         | ✓           |



|  |  |   |
|--|--|---|
| Change in Components and Cost                |  | ✓ |
| Cancellations Proposed                       |  | ✓ |
| Additional Financing Proposed                |  | ✓ |
| Reallocation between Disbursement Categories |  | ✓ |
| Change in Disbursements Arrangements         |  | ✓ |
| Change in Disbursement Estimates             |  | ✓ |
| Change in Overall Risk Rating                |  | ✓ |
| Change in Safeguard Policies Triggered       |  | ✓ |
| Change of EA category                        |  | ✓ |
| Change in Legal Covenants                    |  | ✓ |
| Change in Institutional Arrangements         |  | ✓ |
| Change in Financial Management               |  | ✓ |
| Change in Procurement                        |  | ✓ |
| Other Change(s)                              |  | ✓ |

**IV. DETAILED CHANGE(S)****LOAN CLOSING DATE(S)**

| TF       | Status    | Original Closing | Revised Closing(s) | Proposed Closing | Proposed Deadline for Withdrawal Applications |
|----------|-----------|------------------|--------------------|------------------|---|
| TF-A5324 | Effective | 30-Jun-2019      |                    | 31-Jul-2020      | 30-Nov-2020                                   |