



## DRC: Strengthening PFM and Accountability (P145747)

AFRICA | Congo, Democratic Republic of | Governance Global Practice |  
IBRD/IDA | Investment Project Financing | FY 2014 | Seq No: 6 | ARCHIVED on 29-Jun-2017 | ISR28941 |

Implementing Agencies: Ministry of Finance, COREF, COREF

## Key Dates

## Key Project Dates

Bank Approval Date:30-Jan-2014

Effectiveness Date:23-May-2014

Planned Mid Term Review Date:29-Mar-2018

Actual Mid-Term Review Date:--

Original Closing Date:31-Dec-2018

Revised Closing Date:31-Dec-2021

## Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The proposed project development objective is to enhance the credibility, transparency, and accountability in the management and use of central government and selected sub-national governments' finances. Considering the complementarity with other donor and Bank-funded programs, the proposed MDTF operation will focus on downstream PFM reforms of the central government and public financial management in selected provinces ( Equator, Kasai Oriental and North Kivu).

Has the Project Development Objective been changed since Board Approval of the Project Objective?

Yes

Board Approved Revised Project Development Objective (If project is formally restructured)

The project development objective (PDO) is to improve domestic revenue mobilization, public expenditure management, and accountability, at central level and in selected provinces.

## Components

Name

Component 1- Supporting Domestic Revenue Mobilization and Expenditures Management:(Cost \$23.00 M)

Component 2 - Strengthening Budget Oversight and Improving Transparency:(Cost \$7.40 M)

Component 3 - Establishing PFM Systems at the Provincial Level:(Cost \$33.20 M)

Component 4- Project Management:(Cost \$8.50 M)

## Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Satisfactory	● Satisfactory



Overall Implementation Progress (IP)	● Satisfactory	● Satisfactory
Overall Risk Rating	● Substantial	● Substantial

## Implementation Status and Key Decisions

The Public Financial Management and Accountability Project (PFMAP) has been designed using a basket-funding mechanism by establishing a Multi-Donor Trust Fund (MDTF) for PFM reform, administered by the World Bank while the project is executed by the DRC Government. The initial allocation for the proposed operation is US\$26 million (US\$5 million from the World Bank and US\$21 million from DFID). The Belgium Cooperation has joined the MDTF with a contribution of EUR 4 million. EU supporting PFM reforms in DRC is expected to join the MDTF in the course of its implementation. The Board members of EU have recently approved in principle to grant an amount of EUR 15 million to the MDTF. On February 14, 2017, the World Bank Board approved an additional financing (AF) of US\$50 million to support the following main areas: (a) enhancing domestic revenue mobilization (DRM) capacity; (b) strengthening the budget planning and forecasting processes; (c) improving public accounting and reporting; and (d) scaling up IDA support in provinces with the new “decoupage”. Thus, the overall project has been restructured to (a) revise several components and reflect newly introduced activities; (b) revise the Results Framework to reflect the AF and current progress on the ground; and (c) extend the closing date by three years, from December 31, 2018 to December 31, 2021.

After three years of implementation; positive progress has been made; providing solid foundation for future project activities at both central and provincial level.

- 1. Domestic Revenue Mobilization (DRM).** The PFMAP has supported a joint technical assistance mission with the TADAT Secretariat (IMF) through the Tax Administration Diagnostic Assessment Tool. The TADAT report identified the key strengths and weaknesses of the DRC Tax administration; and allowed the Government to issue a priority action Plan to improve domestic revenue mobilization, namely through support to enlargement of the taxpayers’ database and strengthening of the tax administrations’ capacities ( DGI, DGRAD and DGDA).
- 2. In the area of Budget execution improvement,** the project has managed to work politically, achieving remarkable progress in an increasingly volatile and difficult political environment. The first batch recruitment of Directorates of Administration and Finance (DAF) has been completed. Eight DAF out of five expected have been effectively established in the following line ministries: Rural Development, Agriculture, Civil Service, Portfolio, Environment, Infrastructure and Transport, Education, and Planning. This achievement was made possible thanks to proactive engagement with the Prime Minister’s Office, line ministries, unions, the public, and the Ministry of Civil service, with support from PFMAP. This is the first competitive civil service recruitment organized in over 20 years with more than 5,000 applicants for a total of 1,560 posts involved. In addition, the last *Cour des Comptes* (CDC) annual report shows a budget execution rate of 68 percent for fiscal year 2015, which is significant improvement from the 51 percent for fiscal year 2014. The next CDC annual report will be available in September 2017 and is expected to show the same improvement trend.
- 3. Budget control and citizen participation.** The audit report of the CDC was sent to the parliament in September 2016, which is a significant progress in the reduction of lead time to audit government financial statements, from seven and a half months in 2012 (Public Expenditure and Financial Accountability/PEFA) to one month in 2016. The PFMAP is supporting the: (i) CDC, to benefit from technical assistance provided by the Regional Supreme Audit Organization (CREFIAP) and (ii) economic and financial commissions (ECOFIN) of the National Assembly and Senate, to recruit technical assistant firm to support their analysis of the budget law and budget execution, as well as audit reports. These supports are starting to have impact since the CDC report on the annual financial statement for 2015, flagged among other issues, the misappropriation of funds in education sector. The same issue was also raised by Members of Parliament (MPs) through the National Assembly’s ECOFIN. The Project has also supported the piloting of the Risk Based Internal Audit (RBIA) methodology in five line ministries. The General Inspectorate of Finance (IGF) is leading the process in collaboration with sectorial inspectorates which helped developed risk mapping for the selected ministries.  
In addition, the project has allowed **civil society participation to the budget process and discussions** in Parliament at national and provincial level. Also, participatory budgeting (PB) a cross 53 Territorial Decentralized Entities (ETDs) was introduced, following extensive investment in developing a methodology, selecting ETDs and training. All this builds upon the technical and political foundations laid by the project in previous years. However, the coming year may see further closing of the reform space, and careful planning is needed to ensure that progress made is not lost. Efforts to work directly with the private sector federations have been very constructive and will be continued.
- 4. At provincial level,** progress has been made in increasing the transparency and reliability of data on provincial budgets. All provinces covered by the project produced a budget settlement law (loi de reglement). This is a significant progress, as data for the 2012 milestones had to be established through a specific study funded by DFID. In addition, with the support provided to provincial tax administrations, significant increase has been noted in tax collection in the province of Nord Kivu, which registered an increase of 200 percent between the first quarter 2016 and the first quarter 2017 .
- 5. At local level,** the dissemination of the conclusions of the National Forum on PB have started in the four provinces supported by the PFMAP. The study report was shared in October 2015. It provides a comprehensive overview of the seven (diverse) methodologies developed by various actors to



promote participatory budgeting at ETD level across DRC, identifying best practices and criteria for success. These lessons learnt currently serve as a basis to develop the PFMA methodology on PB in provinces. For instance, after the targeting of 16 ETD in the city of Kinshasa, the project has organized meetings on participatory budgeting with citizen and local authorities in order to allow communities to identify their priority needs to insert in the budget of their area for the year 2017. In total 8,011 people have been covered by this activity, including 2,203 women (27 percent) and 5,808 men (73 percent).

6. **On project and Donors Coordination**, a weekly meeting is organized jointly with the Task Team Leader to monitor the implementation of project activities and address any bottlenecks in a timely manner. Progress has also been excellent in terms of coordination and dialog with the Government. The “Cadre de concertation” is one of the most efficient framework for Donors-Government dialog at PFM sector level in DRC. The 6th Cadre de concertation was jointly chaired by the Minister of Budget and the Minister of Finance, and received very positive feedback on the relevancy of topics discussed and the level of attendance. The agreement on the Plan d’Action Prioritaire (PAP) has been a positive milestone, which now allows focused, more transparent and informed discussion on progress. The next meeting is scheduled for the last quarter of 2017.

7. After three years of effective implementation of project activities, the overall disbursement rate of the project is estimated at 78 percent for the initial IDA financing and 100 percent for the Trust Fund effectively received. The latter disbursement rate is supposed to change with the additional contributions from Donors. The AF of US\$50 million is not yet effective. The initial effectiveness date of June 3, 2017 has been extended to September 3, 2017, due to administrative bottlenecks on the counterpart side. The current closing date is scheduled for December 31, 2021.

8. With the governance project PRCG closed on February 28 2016, the PFM AF will continue to support PFM activities in provinces formerly covered by PRCG.

## Risks

### Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	--	● High	● High
Macroeconomic	--	● Substantial	● Substantial
Sector Strategies and Policies	--	● Substantial	● Substantial
Technical Design of Project or Program	--	● High	● High
Institutional Capacity for Implementation and Sustainability	--	● Substantial	● Substantial
Fiduciary	--	● Substantial	● Substantial
Environment and Social	--	● Moderate	● Moderate
Stakeholders	--	● Substantial	● Substantial
Other	--	--	--
Overall	--	● Substantial	● Substantial

## Results

### Project Development Objective Indicators

#### ► Annual tax collection rate (Percentage, Custom)

Baseline

Actual (Previous)

Actual (Current)

End Target



Value	1.00	3.00	3.00	8.00
Date	31-Oct-2012	01-Dec-2016	01-Dec-2016	31-Dec-2021

**Comments**

The TADAT assessment allowed to identify priorities actions deems necessary to build capacities of Tax administration (DGI, DGDA and DGRAD) and increase revenue mobilization.

► Budget execution rate, excluding donor-funded projects (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	50.00	68.00	68.00	70.00
Date	31-Oct-2012	01-Dec-2016	01-Dec-2016	31-Dec-2021

**Comments**

**Eight DAF have been established out of five expected. The support to build budgetary capacity within line ministries through the implementation of Directorate of Administration and Finance (DAF) will contribute to achieve this objective. The next step, after the establishment of the DAF in each line ministry, is to devote budget commitment authority to each line ministry. This reform will improve the budget execution rate across line ministries and contribute to the overall country budget execution rate.**

► Public expenditures audited by the Inspectorate General of Finance (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	20.00
Date	31-Oct-2012	01-Dec-2016	01-Dec-2016	31-Dec-2021

**Comments**

The support to strengthen the capacity of the Inspectorate General of Finance (IGF) and Cours des Comptes to conduct performance audit and procurement audits, is contributing to achieve this indicator on internal controls. IGF has conducted a performance audit of a Health program in provinces and provided recommendation to improve fund management in provinces. Also IGF is leading the Risk based Internal Audit (RBIA) methodology in pilot ministries. The CDC report on the Annual financial statement for 2015, flagged among other issues, the misappropriation of funds in education sector. The same issue was also raised by Members of Parliament (MPs) through the National Assembly ECOFIN.



## Overall Comments

## Intermediate Results Indicators

## ► Accuracy of domestic revenue projection (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	50.00	73.00	73.00	87.00
Date	31-Oct-2012	01-Dec-2016	01-Dec-2016	31-Dec-2021

## ► Female staff trained on fiscal and custom administration (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	20.00
Date	31-Oct-2012	01-Dec-2016	01-Dec-2016	31-Dec-2021

## ► Public procurement contracts awarded outside the public procurement system (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	59.00	59.00	59.00	25.00
Date	31-Oct-2012	01-Dec-2016	01-Dec-2016	31-Dec-2021



► Delay from completion of the annual audits by Cour des Comptes to submitting the audited financial statements to the parliament (Months, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	7.50	3.00	3.00	2.00
Date	31-Oct-2012	01-Dec-2016	01-Dec-2016	31-Dec-2021

► Territorial Decentralized Entities (TDEs) with participatory budgeting under implementation (Citizen engagement indicator) (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	1.00	1.00	50.00
Date	31-Oct-2012	01-Dec-2016	01-Dec-2016	31-Dec-2021

► Pro-poor expenditure execution rate in provinces (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	12.00
Date	31-Oct-2012	01-Dec-2016	01-Dec-2016	31-Dec-2021

► Internally generated revenue by provinces (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1.00	3.00	3.00	10.00
Date	31-Oct-2012	01-Dec-2016	01-Dec-2016	31-Dec-2021

#### Overall Comments

Despite the fact that the AF is not yet effective, the PFMAP has made good progress in the difficult context of DRC, to create the enabling environment to improve public expenditure management, transparency and citizen participation through the participatory budgeting at both central and provincial level. With the AF becoming effective soon, the Project will scale up the activities planned and meet the expected development objective.



## Data on Financial Performance

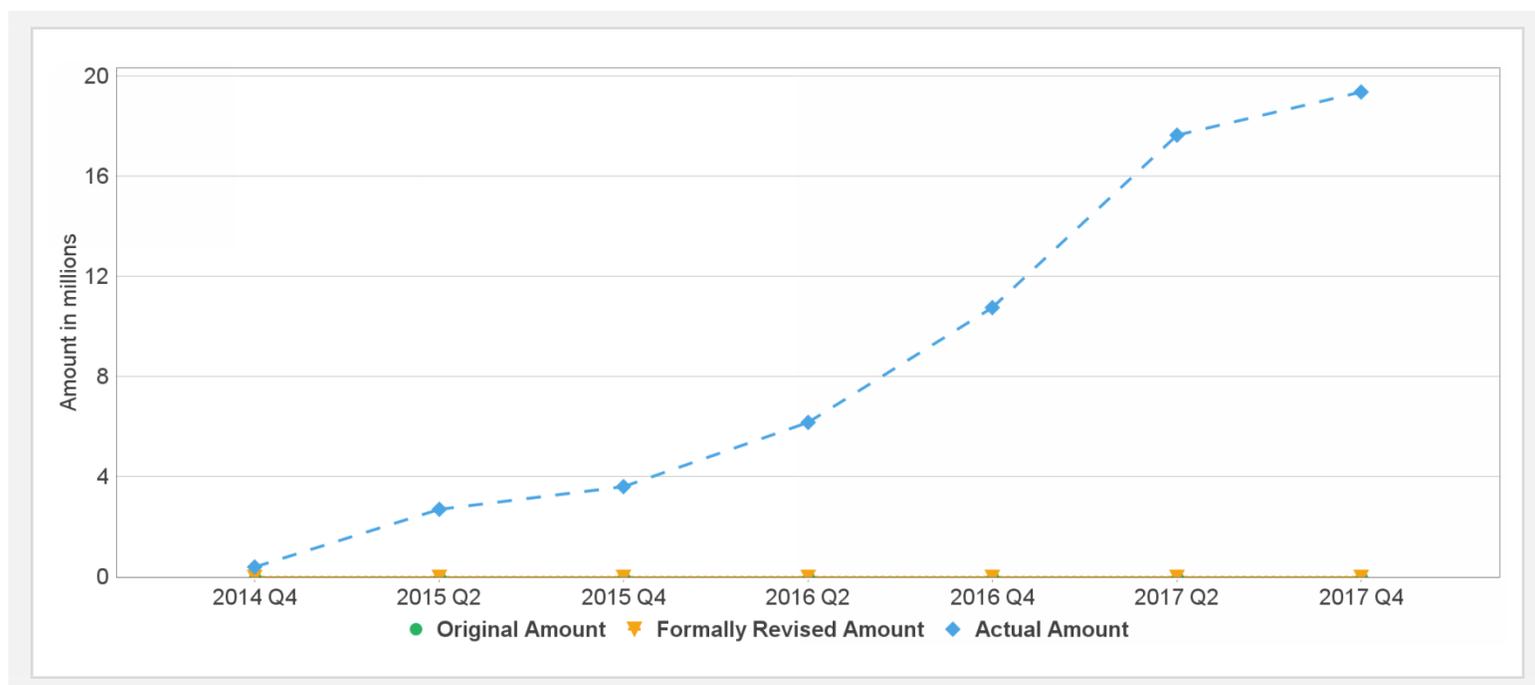
### Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P145747	IDA-D1650	Not Effective	USD	50.00	50.00	0.00	0.00	50.43	0%
P145747	IDA-H9070	Effective	USD	5.00	5.00	0.00	3.88	0.78	78%
P145747	TF-17290	Effective	USD	15.50	15.50	0.00	15.49	0.01	100%

### Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P145747	IDA-D1650	Not Effective	14-Feb-2017	03-Mar-2017	--	31-Dec-2021	31-Dec-2021
P145747	IDA-H9070	Effective	30-Jan-2014	20-Feb-2014	23-May-2014	31-Dec-2018	31-Dec-2018
P145747	TF-17290	Effective	28-May-2014	28-May-2014	28-May-2014	31-Dec-2016	31-Dec-2018

### Cumulative Disbursements





## **Restructuring History**

There has been no restructuring to date.

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## **Related Project(s)**

P159160-Public Financial Management and Accountability Project Additional Financing

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