Strengthening Public Resource Management (P161586)

EUROPE AND CENTRAL ASIA | Ukraine | Governance Global Practice |
Recipient Executed Activities | Investment Project Financing | FY 2017 | Seq No: 1 | ARCHIVED on 21-Jul-2017 | ISR29114 |

Implementing Agencies: Ministry of Economic Development and Trade, Ministry of Finance of Ukraine, National Civil Service Agency

Key Dates

Key Project Dates

Bank Approval Date: 23-Jun-2017
Original Closing Date: --
Effectiveness Date: --
Revised Closing Date: --

Project Development Objectives

Project Development Objective (from Project Appraisal Document)
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

Has the Project Development Objective been changed since Board Approval of the Project Objective?
No

Components

Name

Overall Ratings

Name | Previous Rating | Current Rating
--- | --- | ---
Progress towards achievement of PDO | -- | ● Satisfactory
Overall Implementation Progress (IP) | -- | ● Satisfactory

Implementation Status and Key Decisions

Following the approval of the Grant Agreement on June 30, 2017, the Recipient, represented by the Ministry of Economic Development and Trade of Ukraine (MEDT), and Implementing Agencies - the National Agency for Civil Service (NACS) and the Ministry of Finance (MOF) - have adopted an action plan to (i) finalize and approve the Project Operational Manual(s); (ii) register the Trust Fund; (iii) approve respective budget programs for NACS and MOF activities; and (iv) began developing terms of references and technical specification for activities stipulated in the approved procurement plan.

Project Governance structure has not been made fully operational yet. The Reform Delivery Office (RDO) of the Secretarial of Cabinet of Ministers
(SCOM) is responsible for reform monitoring, and SCOM has political responsibility for PAR and PFM reforms, and consequently, represent important stakeholders for this Trust Fund. It is only during the month of June that the representatives of RDO and SCOM started monitoring the TF preparation and activities. The role of the Steering Committee needs to be clarified to set an effective framework for the project's strategic decision-making, monitoring and accountability, in line with project plans and the PAR Action Plan of the Government.

The NACS is preparing a Concept of HRMIS for approval by the PAR Steering Committee and the Cabinet of Ministers. Parallel to the process of approval of this Concept Document, the NACS is preparing to conduct a market survey to familiarize with the available software solutions that can meet the requirements of the Government of Ukraine.

The European Commission (EC) suggested that the Government of Ukraine (GOU) consider adoption of the HRM system SYSPER, that can be shared by the EC with the GOU gratis for further adaptation to the functional requirements of the civil service of Ukraine. If this application is found suitable and accepted by the GOU, an ICT firm will be hired to customize the SYSPER to the functional requirements. As SYSPER does not have payroll capability, this module will have to be procured separately and integrated with SYSPER.

Implementation of a complex HRMIS/Payroll system is a challenging task that requires robust ICT capacity in the NACS. So far the NACS was unable to hire a team of IT specialists with various skills (IT project manager, process and system analysts, software developers, IT infrastructure and telecommunication managers, database administrators). Given high salary differentials between the civil service and the IT industry in Ukraine, the NACS together with the COM should consider various financing and hiring options and approve a plan that can help promptly bring in required expertise. The plan shall be discussed and agreed with the World Bank to ensure adequate NACS capability for project implementation.

The Ministry of Finance (MOF) has defined the scope for the ICT audit of prepared a first draft of the technical specifications for procuring 200 computers for the staff of MOF. When TOR and Specifications are finalized, and the budget programs are approved, procurement process should be initiated. After the government budget process for 2018-2020 is completed, the MOF shall initiate the assessment of the current budget preparation software and development of the functional requirements for the enhanced budget module with an online access by the key budget administrators and multi-annual budget planning capability. The invitation of the Slovak MOF to the Ukrainian MOF leadership to visit Slovakia and familiarize themselves with their budget module can provide an opportunity for the Budget Department and IT officials to learn about the functionality and integration of the Slovak solution with the treasury and other PFM systems.

**Risks**

**Overall Risk Rating**

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<tr>
<th>Risk Category</th>
<th>Rating at Approval</th>
<th>Previous Rating</th>
<th>Current Rating</th>
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<tbody>
<tr>
<td>Overall</td>
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<td><strong>Substantial</strong></td>
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Comments

**Implementing capacity**: The risk rating reflects the weak IT capacity of the NACS. The NACS shall develop a plan to build ICT capacity and start its implementation in August 2017.

**Implementation delays**: The later than expected approval of the Grant on June 30, 2017, outstanding tasks related to effectiveness and opening of disbursing accounts, and short implementation period, until June 30, 2019, pose high risks for achievement of the grant outcomes, especially concerning the implementation of HRMIS. If the government opts for implementing an off-the-shelf solution for HRMIS, the procurement process may take over 12 months, leaving insufficient time for system implementation. The project closing is determined by the End Disbursement Date of the Programmatic Trust Fund (TF072780). The Administrator of the Programmatic TF has been alerted about this risk and he is exploring a possibility of the extension of the Programmatic TF. This issue will be closely monitored by the team.

**Results**

**Project Development Objective Indicators**
### Transparency of State Employment (Percentage, Custom)

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<thead>
<tr>
<th></th>
<th>Baseline</th>
<th>Actual (Previous)</th>
<th>Actual (Current)</th>
<th>End Target</th>
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<td>--</td>
<td>50.00</td>
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HRMIS/Payroll system design and implementation (Date, Custom)

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HRMIS/Payroll system roll out (Date, Custom Supplement)

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<td>31-Dec-2019</td>
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Overall Comments

Data on Financial Performance

Disbursements (by loan)

Key Dates (by loan)

Cumulative Disbursements
Restructuring History

There has been no restructuring to date.

Related Project(s)

There are no related projects.