



## DRC: Strengthening PFM and Accountability (P145747)

AFRICA | Congo, Democratic Republic of | Governance Global Practice |  
IBRD/IDA | Investment Project Financing | FY 2014 | Seq No: 10 | ARCHIVED on 12-Sep-2019 | ISR38227 |

Implementing Agencies: Ministry of Finance, COREF, COREF

### Key Dates

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Bank Approval Date: 30-Jan-2014	Effectiveness Date: 23-May-2014
Planned Mid Term Review Date: 29-Mar-2018	Actual Mid-Term Review Date: 18-Jun-2018
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- also labeled *PROFIT Congo Projet pour des Finances Transparentes*), 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. While the funds (US\$ 17 million) from DFID have been totally used and the TF closed at end of December 2018, an undisbursed balance of US\$ 20 million from the Bank to be used until the closing date set at end of December 2021.

**After more than 4 1/2 year of implementation, much progresses have been registered in PFM reforms providing solid foundation for future project activities at both central and provincial level.** Despite a volatile political context, the project overall activities at the central and decentralized levels are still proceeding satisfactorily and have led to significant results that now need to be strengthened. For the cycle under review, targets set for end of 2018 for all 3 PDO indicators (tax collection rate; budget execution rate; and coverage of public expenditure by IGF audits) have been met or exceeded. Similarly, all but one project intermediate indicators are met and on track to achieve end-of-project targets. Therefore, the Progress toward achievement of Project Development Objective (PDO) and Overall Implementation Progress ratings are maintained "Satisfactory". Same "Satisfactory" or "Marginally Satisfactory" ratings are upheld for all other project ratings.

### **Components**

All components continue to be satisfactorily implemented, and meeting expected targets, as follow:

**Component 1: Domestic Revenue Mobilization is the latest area added to the project through the Additional Financing.** Following the National Tax Forum and subsequent TADAT, the project helped the government to adopt the legal framework to clarify the complex taxes and royalties nomenclature at central, provincial and local levels and developing a manual for mining royalties collection. Despite these accomplishments, there are still many challenges linked to limited political will and weak leadership that Customs and Tax Administration need to overcome to achieve the revenue mobilization objective and targets.

**Component 2: Significant progress has been made in the key PFM reform areas, particularly in the preparation of the annual budget.** Major advances in this area concern the regular conduct of technical activities by the Directorate of Budget Preparation and Monitoring (DPSB); effective participation of civil society in the budgeting process at central, as well as decentralized levels (see more below); and introduction of Performance Based Budgeting (PBB) tools in budget preparation.

**With respect to budget execution, devolution of commitment authority to line ministries is gradually moving ahead.** Administrative and Financial Directorates (DAF) have been established and are operational in 11 line ministries against 5 initially planned. This is an outstanding achievement of the project since line ministries have always been sidelined in budget management in DRC.

**Furthermore, with support from the project, the government established the General Directorate of the Treasury and Government Accounting (DGTCP in its French acronym)** with the Provisional Order of the Ministry of Civil Service No. 13 / ME / MIN FP / 2017 of August 4, 2017 and started appointing its technical managers since November 2018. Once DGTCP is fully operational, it is expected to start tracking and accounting for all government financial and budget activities, and to produce complete and reliable annual reports to be submitted to external audit and oversight institutions.

**Internal controls are also progressively improving with support from the project.** The Internal Audit Department (*in French, Inspection Generale des Finances- IGF*) undertook its first ever risks based audits in 5 entities and its first risks mapping in 25 departments. Attention should now focus on ways to sustain IGF activities through effective mobilization of national budget allocations; and continued training of staff.

**Moreover, the project significantly contributed to strengthening the private accounting profession** in DRC in providing the National Association of Accountants (*in French, Ordre National des Experts Comptables or ONEC*) with training and capacity building activities that resulted in IFAC membership. Bank team is discussing with ONEC to put together a comprehensive multiyear consolidation action plan to be supported by PROFIT Congo and the African Development Bank.

**Regarding transparency and accountability in the management of public resources, the main project achievement is the assistance to the Court of Auditors (CdC) to better discharge its audit missions.** Following years of longstanding efforts, the CdC organic law was adopted by Parliament and executive in 2018. CdC is now meeting its legal requirements to review and issue audit reports in 1 month since 2017.

**Concurrently the project largely succeeded in initiating citizen participation in budgeting process, especially at local levels,** through public hearing forums (*in French, Tribunaux d'Expression Populaires or TEPs*) which have strengthened communication between elected officials and citizen. This innovative approach in DRC helped to increase revenue collection and accountability at the lowest level of the local municipalities (*in French, Entités Territoriales Décentralisées*). In the latter case, 45 ETDs from Kinshasa and the provinces assisted by the project are experimenting with citizen budgeting, with 1 or 2 cycles already completed, for the preparation of the budget and for the holding of the TEPs. In some cases, such as Nord Kivu, the impact of these TEPs combined with revenue mobilization strengthening activities allowed for significant increase in public investment projects (construction and rehabilitation of roads, health clinics and schools).

**Component 3: At the provincial and local levels, the project's support has contributed to significantly increasing revenue, but more needs to be done.** It is important for the government, through the PFM Reform Coordination Committee (COREF) , to support the provinces efforts to computerize collection of revenue which is critical for local development. To this end, the ongoing North Kivu experience is interesting and innovative and may need to be assessed for replication, as required.

## 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	--	● Low	● Low
Stakeholders	--	● Substantial	● Substantial
Other	--	--	--
Overall	--	● Substantial	● Substantial

## Results

### PDO Indicators by Objectives / Outcomes

Improve domestic revenue mobilization, public expenditure management, and accountability				
▶ Annual tax collection rate (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1.00	5.30	6.47	8.00
Date	31-Oct-2012	30-Oct-2018	31-Dec-2018	31-Dec-2021
Comments:	Revenue collection continues its increasing trend as projected. Achievement of 6.47% far exceeded target set at 5% for end 2018. If this trend is maintained, the end project target of 8% is reasonably within reach.			
▶ Budget execution rate, excluding donor-funded projects (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	50.00	88.60	98.78	70.00
Date	31-Oct-2012	30-Oct-2018	31-Dec-2018	31-Dec-2021
Comments:	Compared to the annual budgeted expenditure of CDF 7.4 trillion, the amount actually spent in 2018 was CDF 7.3 trillion, resulting in an execution rate of more than 98% far above the target of 60%			



►Public expenditures audited by the Inspectorate General of Finance (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	22.30	22.30	20.00
Date	31-Oct-2012	30-Oct-2018	31-Dec-2018	31-Dec-2021
Comments:	Target met and exceeded. The current coverage rate of 22% exceeds the target of 20% expected at the end of the project. During 2018, IGF carried out risk-based-audits in 5 departments in 5 sector ministries, allowing to cover more than the targeted expenditures for this year.			

## Overall Comments

All PDO indicators are met and exceeded at end of 2018. All indicators are in line to achieving end of project targets

## Intermediate Results Indicators by Components

Component 1- Supporting Domestic Revenue Mobilization and Expenditures Management				
►Accuracy of domestic revenue projection (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	50.00	107.00	105.00	87.00
Date	01-Dec-2016	30-Oct-2018	31-Dec-2018	31-Dec-2021
Comments:	With actual revenue of CDF 7 billion and budgeted revenue of 6.6 billion, this indicator showed a strong result of 105% which far exceeded the targeted rate of 75% for 2018.			
►Female staff trained on fiscal and custom administration (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	20.20	22.20	20.00
Date	01-Dec-2016	30-Oct-2018	31-Dec-2018	31-Dec-2021
Comments:	Female staff in tax and custom administrations actually trained more than doubled the 10% projected in 2018 and even exceed the end of project target of 20%. This resulted from deliberate targeting of female staff to participate in training programs supported by project.			
►Public procurement contracts awarded outside the public procurement system (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	59.00	59.00	0.00	25.00
Date	01-Dec-2016	01-Dec-2016	31-Dec-2018	31-Dec-2021
Comments:	Because of errors in initial definition and data, this indicator should be changed. Data for contracts awarded outside the public procurement system are impossible to collect and monitor. Baseline and			



targets in project documents are related to sole source contracts and not the described contracts. During May 2019 mission, it was agreed that Government will introduce a request for change to the definition of this indicator to align it with sole source contracts

### Component 2 - Strengthening Budget Oversight and Improving Transparency

► 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	1.00	1.00	2.00
Date	31-Oct-2012	30-Oct-2018	31-Dec-2018	31-Dec-2021
Comments:	Less than 1 month (better than the end of project target of 2 months) is the actual time spent by the Court of Accounts to audit the central government annual financial statements in 2018. 5 additional provinces (to add to 10 in 2017) had their annual financial statements audited by CoA in 2018.			

### Component 3 - Establishing PFM Systems at the Provincial Level

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

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1.00	45.00	45.00	50.00
Date	01-Dec-2016	30-Oct-2018	31-Dec-2018	31-Dec-2021
Comments:	11 more TDEs have implemented citizen budgeting in 2018 compared to 2017, resulting in a total of 45 TDEs involved in participatory budgeting and reaching the 2020 target in anticipation.			

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

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	3.20	3.00	12.00
Date	01-Dec-2016	30-Oct-2018	31-Dec-2018	31-Dec-2021
Comments:	This indicator is displaying low achievement compared to set target of 8% at end of 2018. Project team will need to discuss measures with counterparts during next supervision to see at improving results in this area by end of 2020.			

► Internally generated revenue by provinces (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1.00	72.50	22.38	10.00
Date	01-Dec-2016	30-Oct-2018	31-Dec-2018	31-Dec-2021
Comments:	Increase in collection of internally generated revenue varies significantly from less than 1% to 107% depending on political, security and economic contexts for each province. Compared to 2017, own provincial revenue increased more than 22% in average in 2018 which already represent double of the level expected at the end of the project.			

## Data on Financial Performance

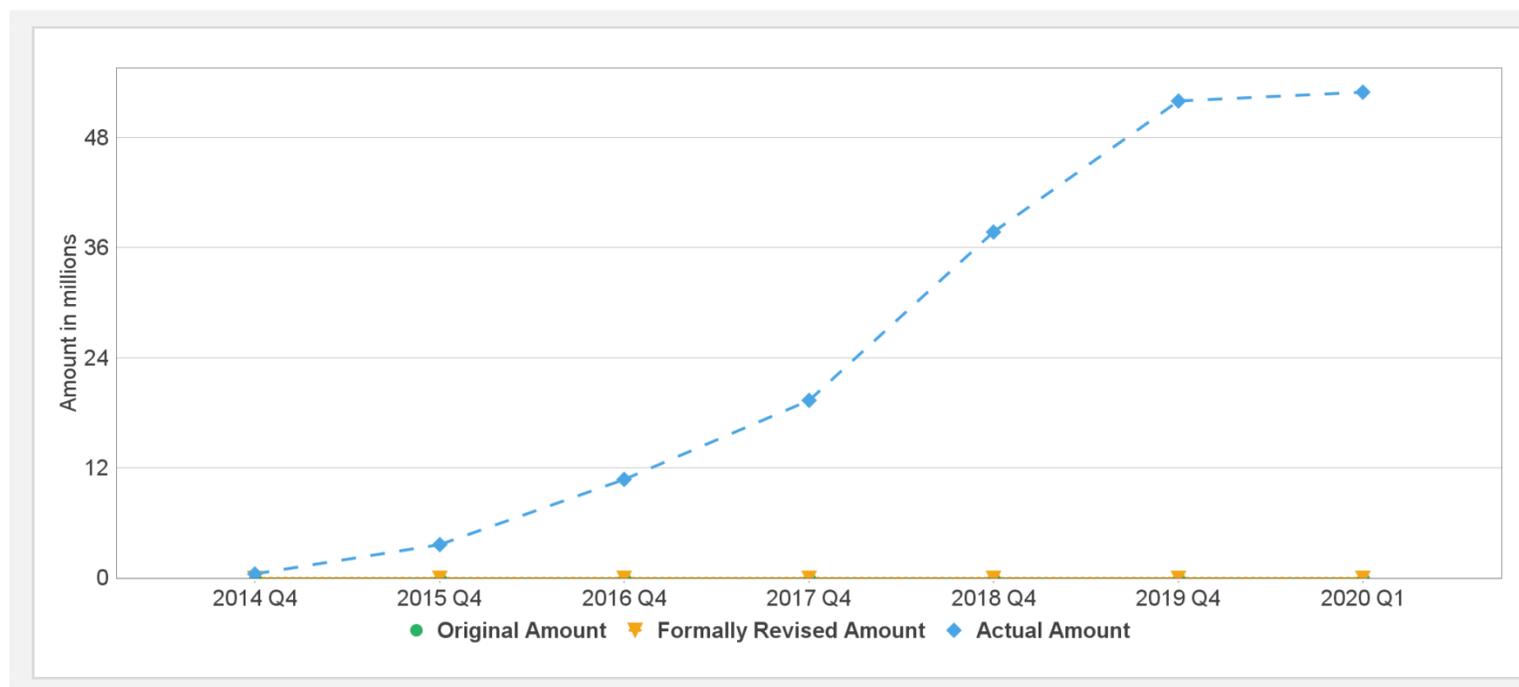
### Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P145747	IDA-D1650	Effective	USD	50.00	50.00	0.00	31.64	19.92	61%
P145747	IDA-H9070	Closed	USD	5.00	4.64	0.36	4.33	0.00	100%
P145747	TF-17290	Closed	USD	17.00	17.00	0.00	17.00	0.00	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	Effective	14-Feb-2017	03-Mar-2017	14-Aug-2017	31-Dec-2021	31-Dec-2021
P145747	IDA-H9070	Closed	30-Jan-2014	20-Feb-2014	23-May-2014	31-Dec-2018	31-Dec-2018
P145747	TF-17290	Closed	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.

## **Related Project(s)**

P159160-Public Financial Management and Accountability Project Additional Financing

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