



DRC: Strengthening PFM and Accountability (P145747)

AFRICA | Congo, Democratic Republic of | Governance Global Practice |
IBRD/IDA | Investment Project Financing | FY 2014 | Seq No: 4 | ARCHIVED on 27-Jun-2016 | ISR24346 |

Implementing Agencies: COREF

Key Dates

Key Project Dates

Bank Approval Date:30-Jan-2014

Effectiveness Date:23-May-2014

Planned Mid Term Review Date:31-Oct-2016

Actual Mid-Term Review Date:--

Original Closing Date:31-Dec-2018

Revised Closing Date:31-Dec-2018

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?

No

Components

Name

Component 1- Improving budget execution processes:(Cost \$4.50 M)

Component 2 - Strengthening budget oversight:(Cost \$5.10 M)

Component 3 - Strengthening public financial management systems at provincial level:(Cost \$10.00 M)

Component 4- Project management:(Cost \$2.50 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 recently joined the MDTF with a contribution of EUR 4 million; Canada and EU supporting PFM reforms in DRC are expected to join the MDTF in the course of its implementation. The PFMAP was approved by the WB Board on January 30, 2014 and became effective on May 23, 2014. The Project officially launched its activities on June 27, 2014.

After almost two years[AK1] of implementation; positive progress has been made; providing solid foundation for future project activities at both central and provincial level.

1. 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 issuance of the decree to create DAFs in 12 line ministries has been achieved thanks to proactive, reactive engagement with the Prime Minister's office, line ministries, unions, the public, and the Ministry of Civil service, with support from PFMA. The recruitment process for the DAFs staff has been completed, and the result published on the Ministry of Civil Service's website. However, the assignment letters for the DAF positions in line ministries have not been issued yet. This is the first competitive civil service recruitment organised in over 20 years with more than 5,000 applicants for a total of 1,560 posts involved.

2. On Budget control and citizen participation, good progress has been made to date. The audit report of the Cours des Comptes was sent to the parliament in September 2015, which is a significant progress in the reduction of lead time to audit government financial statements, from 7.5 months in 2012 (PEFA) to one month in 2015[AK2]. The Project is supporting the Cours des Comptes to Audit the VAT reimbursement and the civil servant salaries payment process " Bancarisation". It also helped develop a procedure manual for Budget Law examination by the Parliament. This tool was a longstanding need expressed by Economic and financial commissions of the National Assembly and Senate.

Also, the project has allowed civil society participation to the budget process and discussions in Parliament at national and provincial level. However, support to citizen control and participatory budgeting has taken a slower start than expected. Lessons have been learnt from the experience of this first year: dedicated staff have been recruited in COREF at national and provincial level. Efforts to work directly with the private sector federations have been very constructive and will be continued.

3. At provincial level, progress has been made in increasing the transparency and reliability of data on provincial budgets – as three provinces (except Equateur) produced a budget settlement law (loi de reglement) in 2014. This is a significant progress, as data for the 2012 milestones had to be established through a specific study funded by DFID. However, very limited progress has been made towards more realistic and credible budgets, spent in line with forecasts. This is due not only to the continued unreliability of "retrocession" (transfers from Central Government), but also to weak forecasting of provinces' own revenue and weak budgeting and budget execution processes.

Data on 2015 budget execution for Kasai Oriental and Equateur will be strongly influenced by the decoupage process. This not only has led to provinces being split in smaller parts, but also to citizens refusing to pay taxes in newly created provinces. In the three provinces (Ex- Equateur, Nord Kivu, Ex-Kasai Oriental), support was provided to carry out a census and sensitisation of tax payers, equip and train the provincial revenue collection agencies. These activities were carried out effectively, and were in line with priorities identified at the provincial level.

4. At local level, the dissemination of the conclusions of the National Forum on Participatory Budgeting 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.

5. On project and Donors Coordination; a weekly meeting is organized jointly with the Task Team Leader to monitor the implementation of project's activities and address the bottlenecks. 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 July 2016.

6. After almost two year of effective implementation of project's activities, the overall disbursement rate of the project is estimated at 50 percent for IDA and 79 percent for the Trust Fund effectively received. The latter disbursement rate is supposed to change with the additional contributions from Donors. The current closing date is scheduled for December 31, 2018.

7. The Bank's governance project; PRCG has closed on February 28 2016; and the PFMAP will continue to support PFM activities in provinces formerly covered by PRCG.

Key actions to follow up

1. Start the preparation phase of the Additional Financing of PFMAP Congo; and factored in the impact of the "Decoupage" on project's activities in



provinces.

2. The PFMAP will work closely with the Minister of Civil Service to establish the new organization chart of line ministers including the position of Financial and Administrative Directorate (DAF). This will be an initial strong step towards the devolution of commitment authority to line ministries factored in the country's PFM Law.

3. The momentum gained at central level on transparency and citizen participation to the budget cycle should be secured and disseminated at provincial level, especially in the area of provincial and local revenue collection.

4. The " Cardre de Concertation" should remain the framework of dialog between Donors, Government and Civil Society on critical aspects of PFM reform in DRC. The PAP (Plan d Action Prioritaire) should be the reference point for all initiatives aiming to support PFM reform in the country under the leadership of COREF.

5. Attention should also be paid to support provinces to increase their revenue collection, while also working on improving transparency and accountability of expenditures.

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	--	● Moderate	● Moderate
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



► PEFA-PI-1: Aggregate expenditure out-turn compared to original approved budget. At least 90% of the aggregate expenditures compared to original approved budget were executed (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	D	No data Yet	No data Yet	C
Date	31-Oct-2012	--	--	31-Oct-2017

Comments

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 ministers, is to devote budget commitment authority to each line ministry. this reform will improve budget execution rate across line ministries and contribute to the overall country budget execution rate.

► PEFA-PI-10: Public access to key fiscal information. (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	C	No Data yet	No Data yet	B
Date	31-Oct-2012	--	--	31-Oct-2017

Comments

Activities carried out to support consultations with civil society and donors during the initial budget hearings, and support to the civil society workshop on the analysis of the draft Budget Laws; are critical to meet this indicator on Public Access to fiscal information. The outcome of these annual events serve as CSOs' contribution to the debate at the Parliament during the examination of the draft Budget Laws. This is a historic fact showing that transparency and participation of CSOs in the budget cycle is gaining momentum and need to be consolidated throughout the project implementation.

► PEFA-PI.16- Predictability in the availability of funds for commitment of expenditures (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	D	No data yet	No data yet	C+
Date	31-Oct-2012	--	--	31-Oct-2017

Comments

See comments on Indicator PI-1 above.



▶ PEFA- PI-20: Effectiveness of internal controls for non-salary expenditure (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	C	--	--	B
Date	31-Oct-2012	--	--	31-Oct-2017

Comments

The support to strengthen the capacity of IGF and Cours des Comptes to conduct performance audit and procurement audits, is contributing to achieve this indicator on internal controls.

▶ PEFA- PI-26: Scope, nature and follow-up of external audit (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	D+	--	--	C+
Date	31-Oct-2012	--	--	31-Oct-2017

Comments

On this indicator, good progress has been made to date. The audit report of the Cours des Comptes was sent to the parliament in September 2015, which is a significant progress in the reduction of lead time to audit government financial statements, from 7.5 months in 2012 (PEFA) to one month in 2015.

▶ PEFA-PI-28: Legislative oversight of audit report. (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	D	--	--	C
Date	31-Oct-2012	--	--	31-Oct-2017

Comments

The support to the two chambers of Public Account Committees (ECOFIN National Assembly and Senate), with both technical assistance and tool kits (development of a procedure manual for Budget Law examination by the Parliament) is contributing to achieve this indicator.

▶ SNG PEFA PI-1: Aggregate expenditure out-turns compared to original approved budget. (Text, Custom)



Value	--	--	--	C
Date	--	--	--	31-Oct-2017

► SNG PEFA PI-2: Composition of expenditure out-turn compared to original approved budget (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	--	--	--	C
Date	--	--	--	31-Oct-2017

► SNG PEFA PI-3: Aggregate revenue out-turn compared to original approved budget (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	--	--	--	C
Date	--	--	--	31-Oct-2017

Overall Comments

The final result figures will be obtained with the PEFA 2017 assessment, in the meantime the Government is planning to undertake a selfassessment which will allow to give intermediate result. On the province side, the Local PEFA assessment to be conducted in 2017 and will allow to set up the baseline. The team will take advantage of the Mid term Review in October 2016 to revise the indicators.

Intermediate Results Indicators

► Average lead time of processing the expenditure until the payment in the 5 pilots line ministries (Days, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	37.00	--	--	15.00
Date	31-Oct-2012	--	--	31-Oct-2017

Overall Comments



The final result figures will be obtained with the PEFA 2017 assessment, in the meantime the Government is planning to undertake a self-assessment which will allow to give intermediate result. On the province side, the Local PEFA assessment to be conducted in 2017 and will allow to set up the baseline. The team will take advantage of the Mid term Review in October 2016 to revise the indicators.

Data on Financial Performance

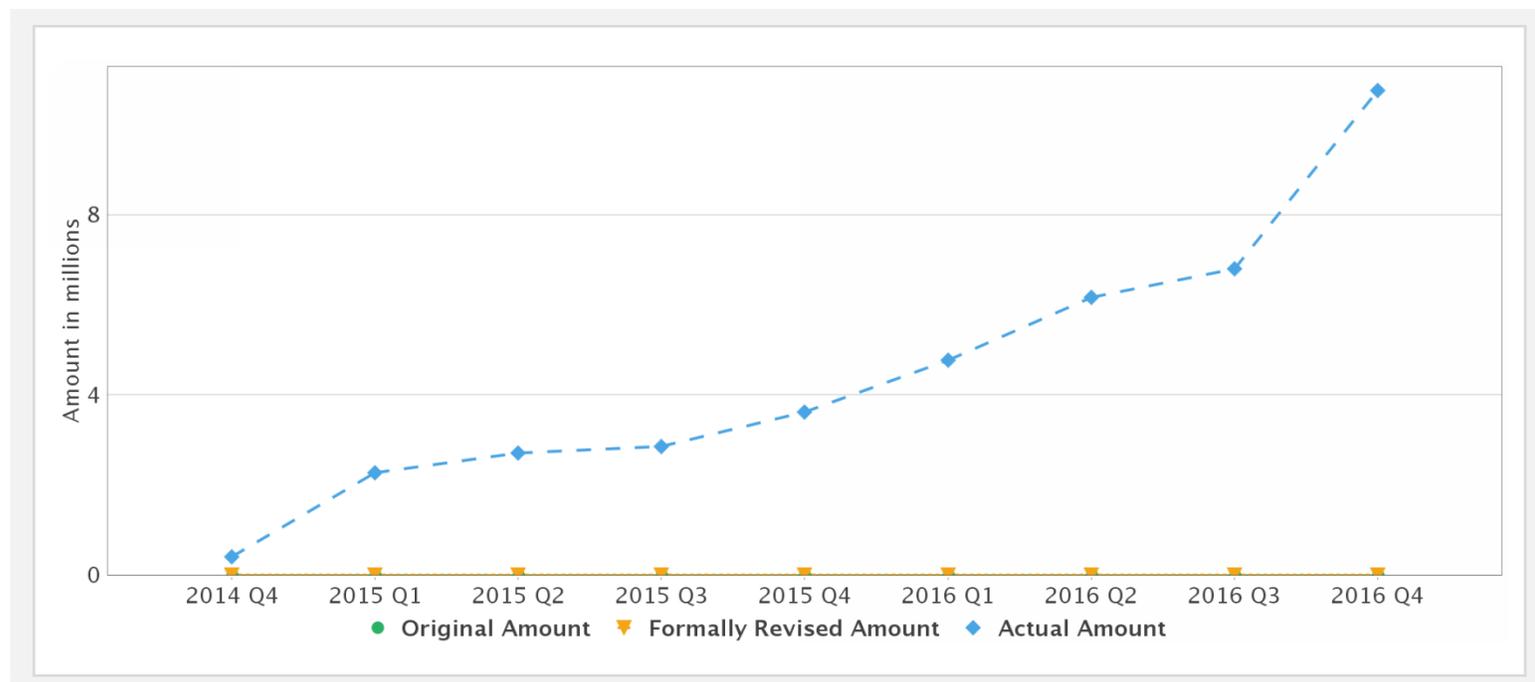
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P145747	IDA-H9070	Effective	USD	5.00	5.00	0.00	2.66	2.06	53%
P145747	TF-17290	Effective	USD	9.50	9.50	0.00	8.10	1.40	85%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
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.

Related Project(s)

P159160-AF - DRC Public Financial Management and Accountability Project
