



Enhancing Public Finance Management through Information and Communication Technology and Skills (E-FITS) Project (P16753)

EAST ASIA AND PACIFIC | Lao People's Democratic Republic | Governance Global Practice |
IBRD/IDA | Investment Project Financing | FY 2019 | Seq No: 9 | ARCHIVED on 22-Feb-2024 | ISR59601 |

Implementing Agencies: Lao People's Democratic Republic, Ministry of Finance of Lao PDR

Key Dates**Key Project Dates**

Bank Approval Date: 14-Mar-2019

Effectiveness Date: 21-Jun-2019

Planned Mid Term Review Date: 31-Oct-2022

Actual Mid-Term Review Date: 30-Dec-2022

Original Closing Date: 31-Aug-2025

Revised Closing Date: 31-Aug-2025

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The PDO is to contribute to the coverage, timeliness, and transparency of financial reporting and to enhance public financial management skills.

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

No

Components Table

Name

Component 1: Foundations for a Core Public Financial Management System:(Cost \$15.00 M)
Component 2: Public Finance Management Skills Program and Change Management:(Cost \$4.00 M)
Component 3: Project Implementation:(Cost \$1.00 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	<input type="checkbox"/> Moderately Satisfactory	<input type="checkbox"/> Moderately Unsatisfactory
Overall Implementation Progress (IP)	<input type="checkbox"/> Moderately Satisfactory	<input type="checkbox"/> Moderately Unsatisfactory
Overall Risk Rating	<input type="checkbox"/> Substantial	<input type="checkbox"/> Substantial

Implementation Status and Key Decisions

Progress towards achieving the project development objective (PDO) has been slow, mainly due to lengthy internal process. In the reporting period, implementation continued across all project components. However, due to a setback in Component 1, which is the biggest one, the ratings for Overall Implementation Progress and Progress Towards Achieving the PDO are downgraded to "Moderately Unsatisfactory",

Under **Component 1**, the contract for the financial management information system (FMIS) was signed in April 2023. However, in December 2023, the vendor withdrew from the contract and a new procurement process will be launched in 2024. It is expected that the process will be completed within 2024. The upgrade of the Government Financial Information System Plus was completed and it is being piloted using the revised chart of accounts. The upgraded Debt Management and Financial Analysis System (DMFAS) version 6 is being used and data is being recorded in it.



Under **Component 2**, the new competency framework for the Ministry of Finance was approved. The functional requirements of the new learning management system (LMS) are being developed. A Change Management Strategy and Action Plan were drafted.

The majority of the PDO indicators depend on the implementation of the FMIS and the LMS. Hence, only limited progress towards achieving the targets of the five PDO indicators can be observed. At the same time, this is to be expected given that all results indicators have only end-of-project targets. The indicators will be revised as part of the planned project restructuring.

Risks

Systematic Operations Risk-rating Tool

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

Results

PDO Indicators by Objectives / Outcomes

Coverage of financial reporting				
▶ Coverage of annual financial statements and comparability with the approved budget (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Annual financial statements cover central and provincial level only.	Six of the seven CoA segments have been approved for piloting in GFIS+. The seventh	GFIS+ is being rolled out with 6 of the 7 new CoA segments. Implementation of	Annual financial statements generated by the new FMIS cover central, provincial and



		segment (economic classification) is expected to be finalized and approved by December 2023. Once GFIS+ is rolled out (expected within 2023/2024), reports are expected to have an improved coverage. FMIS contract has been signed and roll out is planned for 2025.	FMIS contract started successfully in June 2023 but FMIS will have to be rebid in 2024.	district levels (excluding state-owned enterprises and other statutory entities) and are comparable with the approved budget.
Date	31-Oct-2018	20-Jun-2023	10-Jan-2024	31-May-2025
Comments:	<p>Status: in progress.</p> <p>This indicator is consistent with PEFA Indicator PI-29.1, which requires financial reports for budgetary central government (excluding state-owned enterprises and other statutory entities) to be prepared annually and to be comparable with the approved budget. As the expansion of the coverage of the financial reports is one of the main features of the new FMIS, this indicator will only be achieved once the FMIS has gone live. In the meantime, progress on GFIS+ will be tracked.</p>			
► Coverage of in-year budget execution reports. (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	In-year budget execution reports are not readily available and do not cover district level	Once GFIS+ is rolled out (expected within 2023/2024), it will be possible to prepare in-year budget execution reports with improved coverage. FMIS contract has been signed and roll out is planned for 2025.	As GFIS+ is being rolled out, with time, it will be possible to prepare in-year budget execution reports with improved coverage. Implementation of FMIS contract started successfully in June 2023 but but FMIS will have to be rebid in 2024.	In-year budget execution reports generated by the new FMIS cover central, provincial and district levels (excluding state-owned enterprises and other statutory entities)
Date	31-Oct-2018	20-Jun-2023	10-Jan-2024	30-May-2025
Comments:	<p>Status: in progress.</p> <p>This indicator measures the expansions of coverage to the district level through a web portal, which will connect districts to the new FMIS. The in-year budget reports will then be produced by the new GFIS+ planned to be rolled out in 2024 and subsequently FMIS.</p>			

Timeliness and transparency of financial reporting				
► Time lapse of public disclosure of annual financial statements after the end of the fiscal year (Months, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	20.00	22.00	22.00	6.00
Date	31-Oct-2018	20-Jun-2023	10-Jan-2024	30-May-2025
Comments:	<p>Status: in progress.</p> <p>22.00 (The final budget execution report for FY2021 was published on 13 October 2023. The budget execution report for FY2022 has not been published).</p>			



The new GFIS+ and subsequently FMIS will facilitate a quicker preparation of the annual financial statements, therefore a reduction of the time lapse between fiscal year and disclosure can be expected once the GFIS+ is rolled out and subsequently FMIS is in place and operational.

► Time lapse of public disclosure of in-year budget execution reports after each quarter (Weeks, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	7.00	0.00	4.00
Date	31-Oct-2018	20-Jun-2023	10-Jan-2024	30-May-2025
Comments:	Status: in progress. 0/NA (The summary of quarterly financial statistics report for 2022 were prepared 2 weeks after the end of the quarter, except in Q3, when the report was produced 4 weeks after the quarter. However, the reports are not publicly available). The new GFIS+/FMIS will facilitate a quicker preparation of the annual financial statements, therefore a reduction of the time lapse between fiscal year and disclosure can be expected once the GFIS+/FMIS is in place and operational.			

Enhanced public financial management skills

► Percentage of MoF staff (disaggregated by gender and job profile) completing the PFM Skills Program (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	60.00
Date	31-Oct-2018	20-Jun-2023	10-Jan-2024	30-May-2025
Comments:	Status: in progress. The PFM skills program has not yet been introduced, but progress towards creating it has been made: the competency framework was finalized. The training needs assessment is expected to be finalized by March 2024. The consultations on the functional and technical specifications of the LMS have commenced and are expected to be completed by March 2024.			

Percentage of staff having completed PFM Skills Program being female (Percentage, Custom Breakdown)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	35.00
Date	31-Oct-2018	12-Dec-2022	10-Jan-2024	30-May-2025

Break-down of PFM Skills Program graduates by job profile (Text, Custom Supplement)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Job profiles not defined yet; PFM Skills Program not yet started.	The draft competency framework is being finalized. The training needs assessment is	The competency framework was finalized. The training needs assessment is	Break-down of the percentages of PFM Skills Program



	expected to begin soon. The inception report for the LSM was finalized and consultations on the functional and technical specifications will commence in due time.	expected to be finalized by March 2024. The consultations on the functional and technical specifications of the LMS have commenced and are expected to be completed by March 2024.	graduates by job profile.
--	--	--	---------------------------

Overall Comments

The first four indicators are related to the implementation of the new financial management information system (FMIS) under Component 1 and are therefore due only at the end of the project. As the FMIS contract was signed in April 2023, only limited progress has been made on these indicators, through the work on the upgrade of the Government Financial Information System Plus (GFIS+). The fifth indicator measures progress under Component 2, where good progress has been made. The results indicators will be revised as part of the planned restructuring to better capture intermediate results and results that can realistically be influenced by the project.

Intermediate Results Indicators by Components

Component 1: Foundations for a core public financial management system				
▶ Progress of the FMIS implementation and interoperability with other government systems (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	GFIS in place	The FMIS contract was signed in April 2023 and the pre-development phase began in June 2023. Roll out is expected in Q2 of 2025.	Implementation of FMIS contract started successfully in June 2023 but FMIS will be rebid in 2024.	FMIS with the core functionality of budget execution implemented and interoperable with at least 3 other government systems.
Date	31-Oct-2018	20-Jun-2023	10-Jan-2024	31-May-2025
Comments:	This indicator depends on FMIS implementation.			
▶ Percentage of budget transactions processed through FMIS with ex ante commitment (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	58.00	58.00	58.00	80.00
Date	31-Oct-2018	20-Jun-2023	10-Jan-2024	31-May-2025
Comments:	No progress yet as FMIS is not yet functional.			
▶ Time lapse after end of fiscal year for submission of Annual Financial Statements to the State Audit Organization (Months, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target



Value	12.00	6.00	6.00	6.00
Date	01-Feb-2019	20-Jun-2023	10-Jan-2024	30-May-2025
Comments:	The MoF submitted the 2022 Annual Financial Statements to SAO on 27 June 2023.			
► Documented disaster recovery tests (Business Continuity Management) (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	2.00
Date	31-Oct-2018	20-Jun-2023	10-Jan-2024	31-May-2025
Comments:	No progress yet as business continuity management has not yet started.			
► Bank reconciliation for active government bank accounts (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No Bank reconciliation within the scope of the TSA takes place	TSA Committee has decided to first consolidate bank accounts at the headquarters of each commercial bank, before moving towards a TSA at the BOL. A pilot with one commercial bank is ongoing.	The MoF Minister asked relevant MoF departments in November 2023 to accelerate the implementation of the TSA.	Bank reconciliation for all active central government bank accounts within the scope of the TSA takes place at least monthly, within 4 weeks from the end of each month.
Date	31-Oct-2018	20-Jun-2023	10-Jan-2024	31-May-2025
Comments:	Status: in progress. Bank reconciliation is done through excel sheets on the day after transactions have occurred, based on a summary of transactions sent to NT by commercial banks, i.e. reconciliation is done but not within a TSA.			
► Strengthening country systems for financial reporting under donor-funded projects (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Most donor-funded projects use a project-specific software for financial reporting.	No progress yet as FMIS is not yet functional. Go-live of FMIS is expected by Q2 of 2025.	No progress yet as FMIS is not yet functional	The FMIS is used on a pilot basis to produce the required financial management reports for reporting purposes to the World Bank.
Date	31-Oct-2018	20-Jun-2023	10-Jan-2024	31-May-2025
Comments:	This indicator depends on FMIS implementation.			



▶ Recording of domestic debt (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Domestic debt is not recorded in the current DMFAS	Domestic debt issued before 2022 has been recorded in DMFAS 6. However, there are 30,000 long term domestic bonds from issues in 2022 which are still not recorded in DMFAS 6. Public Debt Management Department intends to record them on their own, without assistance from UNCTAD.	Domestic debt issued before 2022 has been recorded in DMFAS 6. 1,600 of the 30,000 domestic bonds issued in 2022 have been recorded and MOF is in the process of recording the rest.	Domestic debt is recorded in the updated debt management system
Date	31-Oct-2018	20-Jun-2023	10-Jan-2024	31-May-2025
Comments:	Status: in progress.			
▶ Number of public information dissemination activities (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	50.00
Date	31-Oct-2018	20-Jun-2023	10-Jan-2024	30-May-2025
Comments:	No progress yet The consulting company to provide change management and communication activities has delivered several outputs but concrete public events have not been completed yet.			

Component 2: Public Finance Management Skills Program and Change Management

▶ PFM Competency Framework (skills requirements for PFM related job profiles) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No PFM related job profiles and requirements	The draft competency framework is finalized, the questionnaire for the training needs assessment is being developed, existing curriculum and training materials are being collected.	The draft competency framework is finalized, the questionnaire for the training needs assessment is being developed, existing curriculum and training materials are being collected.	PFM Competency Framework approved by MoF management
Date	31-Oct-2018	20-Jun-2023	10-Jan-2024	31-May-2025
Comments:	The report on the competency framework was finalized and approved by MoF management.			



► E-learning modules launched in the learning management system (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	10.00
Date	31-Oct-2018	20-Jun-2023	10-Jan-2024	31-May-2025
Comments:	The functional and technical specifications of the LMS are being prepared. The firm which will develop the content for the e-learning has drafted several modules of the PFM curriculum.			
► Beneficiary Feedback: Average of reported perceived knowledge increase from PFM Skills Program, disaggregated by gender (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Results from beneficiary feedback after the first year of implementation (TBA)	PFM Skills Program has not yet started, so beneficiary feedback cannot yet be measured. The company that will collect feedback has been hired.	PFM Skills Program has not yet started, so beneficiary feedback cannot yet be measured. The company that will collect feedback has been hired.	Participants reported an average score of at least 4 out of 5
Date	31-Oct-2018	20-Jun-2023	10-Jan-2024	31-May-2025
☐ Share of women in leadership and ITC training classes who have reported perceived knowledge increase (Percentage, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	70.00
► Stakeholder and other outreach and dissemination activities carried out under the change management communication campaign (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	2.00	2.00	20.00
Date	31-Oct-2018	20-Jun-2023	10-Jan-2024	30-May-2025
Comments:	The change management company plans to conduct workshops on the topic during their next in-country mission.			
► Beneficiary Feedback on reform implementation/change management (disaggregated by gender) (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Change management program under preparation	The first Change Management Survey was planned for June 2023, but has been delayed to August/September 2023	Survey questionnaires for the first Change Management Survey have been prepared and are being reviewed by MoF. The survey is expected to be launched in Q1 and finalized in Q2 of 2024	Results of change perception survey improved from first to second survey

Date	31-Oct-2018	20-Jun-2023	10-Jan-2024	31-May-2025
------	-------------	-------------	-------------	-------------

Performance-Based Conditions

Data on Financial Performance

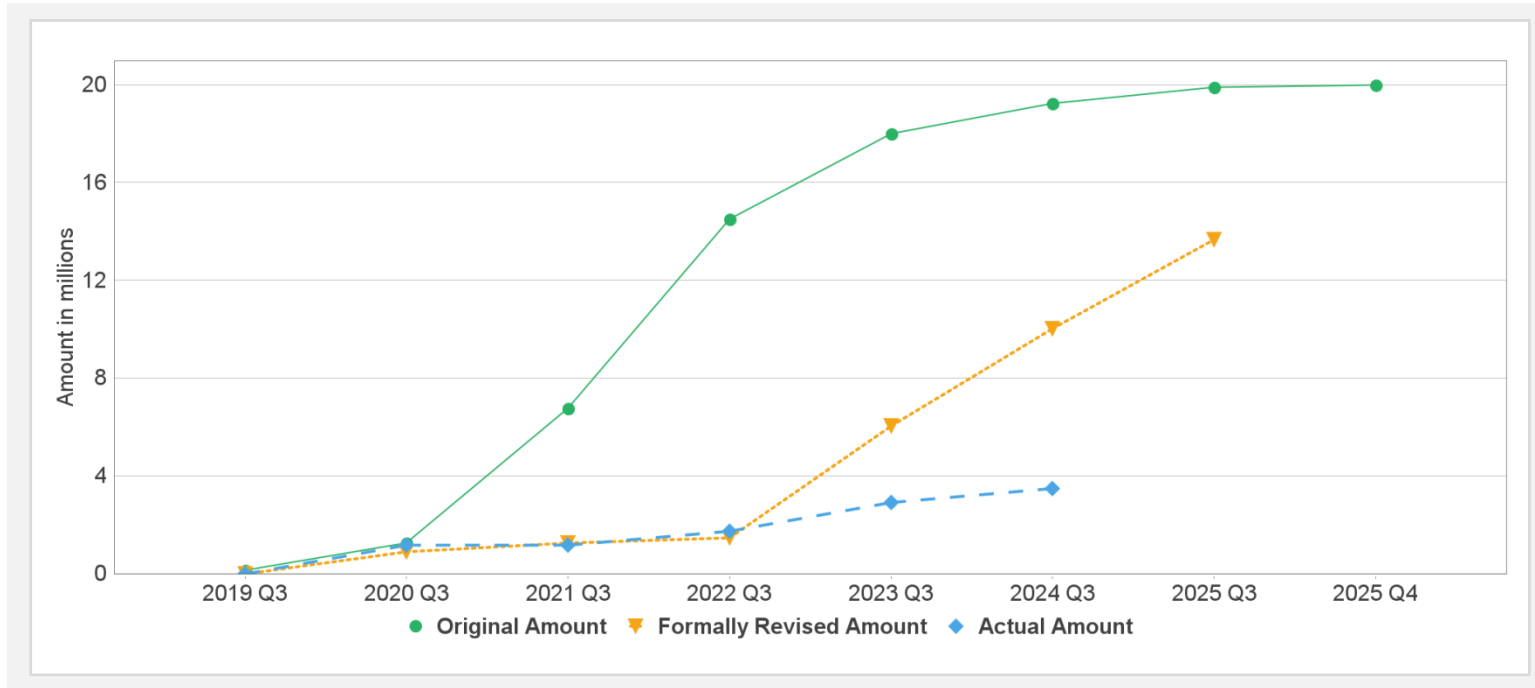
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P167534	IDA-63770	Effective	USD	20.00	20.00	0.00	3.48	15.57	18%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P167534	IDA-63770	Effective	14-Mar-2019	09-May-2019	21-Jun-2019	31-Aug-2025	31-Aug-2025

Cumulative Disbursements





Restructuring History

There has been no restructuring to date.

Related Project(s)

There are no related projects.
