



Project for Strengthening Public Financial Management (P161969)

EAST ASIA AND PACIFIC | Micronesia, Federated States of | Governance Global Practice |
IBRD/IDA | Investment Project Financing | FY 2018 | Seq No: 11 | ARCHIVED on 24-Apr-2024 | ISR58773 |

Implementing Agencies: Department of Finance and Administration, The Federated States of Micronesia

Key Dates

Key Project Dates

Bank Approval Date: 30-May-2018

Effectiveness Date: 01-Oct-2018

Planned Mid Term Review Date: 31-Jan-2021

Actual Mid-Term Review Date: 15-Mar-2021

Original Closing Date: 25-Sep-2023

Revised Closing Date: 25-Mar-2025

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The objective of the project is to improve tax administration and the completeness, reliability and timeliness of financial reports of the National and State Governments.

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

No

Components Table

Name

Strengthening the PFM Environment:(Cost \$0.51 M)
Financial Management Information System (FMIS):(Cost \$6.81 M)
Revenue Management System (RMS):(Cost \$4.80 M)
Change Management and Human Resource Development:(Cost \$1.63 M)
Project Management:(Cost \$2.25 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	□ Moderately Satisfactory	□ Moderately Satisfactory
Overall Implementation Progress (IP)	□ Moderately Satisfactory	□ Moderately Satisfactory
Overall Risk Rating	□ Moderate	□ Moderate

Implementation Status and Key Decisions

The PDO remains relevant and, on its current trajectory, the project is expected to achieve most of its major outputs efficiently within the current project closing date. Progress has been made in implementing project activities during the period, however, the PDO indicators, disbursements, and all but two Intermediate Results Indicators remain behind schedule mainly due to delays in procurement of the FMIS and RMS. The RMS implementation is underway and the FMIS contract was signed on April 11, 2024. To accommodate the schedule for FMIS implementation and operational acceptance of the system, a project extension of five months through August 25, 2025 was approved on April 11, 2024.



Risks

Systematic Operations Risk-rating Tool

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

Results

PDO Indicators by Objectives / Outcomes

To improve completeness, reliability and timeliness of financial reports of National and State Govts				
▶ PDO-1: In-year budget reports prepared and published by National and all four State governments (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	In-year budget reports not prepared and not published	Not yet	Not yet	In-year budget reports prepared and cleared for publication by all five Govts meeting criteria for timing, accuracy, coverage and comparability to meet criteria of "B" score for PI-28 based on PEFA Framework
Date	29-Jun-2018	20-Oct-2023	15-Mar-2024	30-Sep-2024
Comments:	No intermediate targets yet achieved. A draft template for in-year budget report with separate reports for the general fund and grants assistance and the consolidated has been prepared and customized reports will be set up in FMIS, however, achievement is not entirely dependent on FMIS. Quarterly reports will be prepared for September and December 2024.			



► PDO-3: New FMIS used by all five govts for recording and reporting budget, revenue and expenditure (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	FundWare accounting system being phased out	Not yet	Not yet	New FMIS used for preparation of budget for FY2024 and recording of revenue and expenditure transactions by National and all State governments
Date	29-Jun-2018	20-Oct-2023	15-Mar-2024	30-Sep-2024
Comments:	Progress needs to accelerate – ICT FMIS advisor started to focus initially on internet connectivity. Fundware Specialist will be mobilized in April to initiate data cleanup and conversion. BER completed and NO issued in August. FMIS contract will be signed with supplier pending finalization with supplier.			

To improve tax administration				
► PDO-2: Revenue Management System installed and in use by CTA for improved revenue accounting (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	"C" score in 2016 self-assessment for PI-20.3	Year 1 and 2 targets achieved. Year 3 target in process.	Year 1 and 2 targets achieved. Year 3 target in process.	Criteria for "B" score of PI-20.3 met
Date	29-Jun-2018	20-Oct-2023	15-Mar-2024	30-Sep-2024
Comments:	Year 1 and 2 targets achieved. Year 3 target in process. RMS contract was signed in September 2022 and completed inception report. The first-round testing was completed in February 2024. The second-round testing will be completed in June 2024 and requires close monitoring of implementation to avoid further delays.			

Intermediate Results Indicators by Components

Strengthening the Public Financial Management Environment				
► IR-1: New chart of accounts for all govts for better management, financial and statistical reporting (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	"C" score in 2016 self-assessment. Functional classification lacking.	Year 1 and 2 targets met.	Year 1 and 2 targets met.	"A" score criteria for PI-4 met
Date	29-Jun-2018	20-Oct-2023	15-Mar-2024	30-Sep-2024
Comments:	Year 1 and 2 targets met. Year 3 target missed. New CoA is ready for adaptation to new FMIS.			
► IR-2: Procedures Manuals updated with detailed guidance for all five governments (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target



Value	Operations Procedure not covering all required areas	Not yet	Not yet	Procedures Manuals in place with detailed guidance for budget formulation, accounting, internal controls, payroll, fixed assets, liabilities (including debt), cash management and financial reporting
Date	29-Jun-2018	20-Oct-2023	15-Mar-2024	30-Sep-2024
Comments:	Progress needs to accelerate. FMR is still pending in one state. Procedures Manuals have been drafted for national government and replicated for states. Will be finalized based on FMIS.			

Financial Management Information System (FMIS)				
► IR-3: Financial data integrity maintained to meet "B" score for PI-27 (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	"B+" score for PI-27 in 2016 self-assessment	No change	No change	Criteria for "B" score for PI-27 fully met
Date	29-Jun-2018	20-Oct-2023	15-Mar-2024	30-Sep-2024
Comments:	Progress needs to accelerate. BER completed and NO issued in August. FMIS contract will be signed with supplier pending outcome of discussions with supplier on fulfillment readiness.			

Revenue Management System (RMS)				
► IR-4: Taxpayer accounting in Customs and Tax Administration (CTA) automated (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No RMS in place	Year 1 and 2 target met. Implementation will be completed in one phase due to an accelerated timeline. Year 3 and 4 targets in progress.	Year 1 and 2 target met. Year 3 and 4 targets in progress.	All modules of RMS implemented and in use
Date	29-Jun-2018	20-Oct-2023	15-Mar-2024	30-Sep-2024
Comments:	Year 1 and 2 target met. Implementation will be completed in one phase due to accelerated timeline. Year 3 and 4 targets in progress.			

Change Management and Human Resource Development				
► IR-5: Competency framework specifying minimum skillsets adopted and used for all PFM related jobs (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No competencies defined for PFM related roles	Y1 target partially complete, pending	Y1 target partially complete, pending	Competency framework specifying



		gender analysis. Y2 target not yet achieved Y3 target in process.	gender analysis. Y2 target not yet achieved Y3 target in process.	minimum skillsets required adopted for PFM related jobs across National and State governments and used for recruitment and training to build gender-balanced workforce
Date	29-Jun-2018	20-Oct-2023	15-Mar-2024	30-Sep-2024
Comments:	Y1 target partially complete, pending gender analysis. Y2 target not yet achieved Y3 target in process, gender analysis completed in all but Budget and Investment. Targets to be set.			
► IR-6: External training program partnerships for PFM related certification and degree courses (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No external training program partnerships in place	Y1 target achieved. Y2 targets in progress, needs assessment completed for CTA and Yap Y3 target partially met – one partnership entered into with Alison, others under discussion with CTEC and Charles Strurt.	Target has been met.	Four (4) external training program partnerships for certification and degree courses in PFM related disciplines
Date	29-Jun-2018	20-Oct-2023	15-Mar-2024	30-Sep-2024
Comments:	Target has been met. Partnerships entered into with Alison, CTEC, Charles Strurt and Cook Islands Tertiary Training Institute Partnership Expanding training options with platforms with ICC, WTO, Harvard Business School, etc			
► IR-7: Number of staff completing external training programs in PFM related disciplines (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	104.00	21.00	50.00
Date	29-Jun-2018	20-Oct-2023	15-Mar-2024	30-Sep-2024
Comments:	Year 1-3 targets achieved. Y4 target in process. •Behavioral Competency Training – External-110 Staff (45 M/ 65/F) •Technical Competency Training 6 Staff (3M / 3 F) •Leadership Competency Training 16 Staff (7M / 9 F)			
☐ Of which female (Percentage, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	50.00



► IR-8: Gender-sensitive communication conducted for the project for awareness and building ownership (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No communication strategy; regular updates and information not released for government staff and citizens	Not yet	Not yet	DoFA website enhanced and regularly updated with information for government staff and citizens with functionality developed for capturing and summarizing feedback
Date	29-Jun-2018	20-Oct-2023	15-Mar-2024	30-Sep-2024
Comments:	Years 1-3 targets missed – Website has been set up but needs more functionality to reach targets. A Communications Specialist and Social Safeguards Specialist (Gender) have recently been recruited by the CIU to support this work. Gender analyses developed for Treasury, Chuuk, Yap, Kosrae			
► IR-9: Transparency and citizen engagement in budget preparation and execution by National government (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	DoFA website exists but does not provide platform for receiving citizen feedback.	Yr.1 target achieved.	Yr.1 target achieved.	DoFA website includes functionality to capture citizen feedback. Information on budget preparation stages, final budget and quarterly updates on budget execution posted regularly including: a) summary presented in a citizen-friendly format understandable by non-technical audience; b) summary of citizen-feedback received and government response.
Date	30-Apr-2018	20-Oct-2023	15-Mar-2024	30-Sep-2024
Comments:	Yr.1 target achieved. Website has been improved to capture feedback but is not updated with budget information. Citizen-friendly budget FY2024 was published in February 2024 and dissemination event in June. https://dofa.gov.fm/fmis-general-comments/ https://dofa.gov.fm/rms-general-comments/			

Performance-Based Conditions

Data on Financial Performance

Disbursements (by loan)

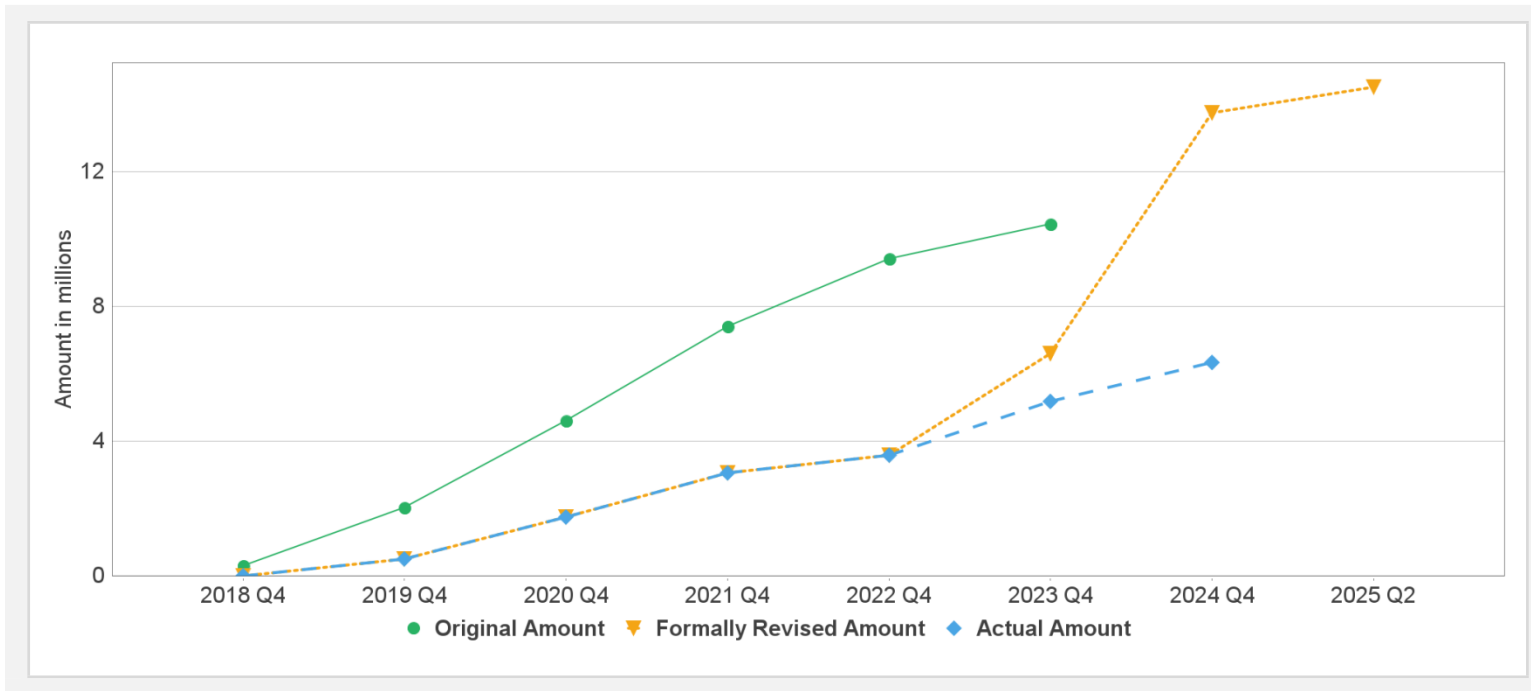


Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P161969	IDA-D3240	Effective	USD	11.00	11.00	0.00	6.33	3.94	62%
P161969	IDA-D9360	Effective	USD	5.00	5.00	0.00	0.00	4.81	0%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P161969	IDA-D3240	Effective	30-May-2018	01-Aug-2018	01-Oct-2018	25-Sep-2023	25-Mar-2025
P161969	IDA-D9360	Effective	04-Jan-2022	21-Jan-2022	18-Jun-2022	25-Mar-2025	25-Mar-2025

Cumulative Disbursements



Restructuring History

There has been no restructuring to date.

Related Project(s)

P176041-ADDITIONAL FINANCING FOR THE PROJECT TO STRENGTHEN PUBLIC FINANCIAL MANAGEMENT