



Project to Strengthen budget execution and financial reporting systems (P163131)

EAST ASIA AND PACIFIC | Marshall Islands | Governance Global Practice |
IBRD/IDA | Investment Project Financing | FY 2018 | Seq No: 10 | ARCHIVED on 30-Oct-2023 | ISR58151 |

Implementing Agencies: Ministry of Finance, The Republic of the Marshall Islands

Key Dates**Key Project Dates**

Bank Approval Date: 30-May-2018

Effectiveness Date: 01-Oct-2018

Planned Mid Term Review Date: 29-Oct-2021

Actual Mid-Term Review Date: 18-Oct-2021

Original Closing Date: 25-Sep-2023

Revised Closing Date: 25-Jun-2024

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The objective of the project is to improve the completeness, reliability and timeliness of Government's annual financial statements, and the availability of reliable socioeconomic statistics.

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

No

Components Table

Name

Strengthening the Public Financial Management Environment:(Cost \$0.50 M)
Financial Management Information System (FMIS):(Cost \$4.48 M)
Change Management and Human Resource Development:(Cost \$0.97 M)
Household Income and Expenditure Survey (HIES) Implementation:(Cost \$0.65 M)
Project Management:(Cost \$2.40 M)

Overall Ratings

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

Implementation Status and Key Decisions

Since the March and April 2023 mission, there have been several notable progresses made in the project such as the preparation of the draft Procurement Regulations and Draft Procurement Capacity Building Plan, the completion of the FMIS system phase II rollout and training in late June 2023, a training plan has been developed for the IT teams of the Ministry of Finance, Public Service Commission (PSC), and Public Service System (PSS), the training plan is linked to the Competency Framework. Additionally, an Internal Audit Charter drafted. Despite these accomplishments, there has been a slow down in project momentum since the project manager left the project in June. Recruitment of other key personnel such as the HRD Specialist, PFM Advisor and Legislative Officer have been delayed. Proactivity in procurement and financial management is needed. Two of three PDO indicators have been achieved, but continuation of capacity building is needed to support sustainability



of the reforms. The delayed rollout of the FMIS resulted in a condensed training period on use of the system. Users require continued training and support and continue to identify customization needs. Further training and support on US GASB is also required due to its complex requirements.

Risks

Systematic Operations Risk-rating Tool

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

Results

PDO Indicators by Objectives / Outcomes

To improve the completeness, reliability and timeliness of Government's annual financial statements				
▶ PDO-1: Completeness, quality and timeliness criteria met for Annual Financial Statements by MoF (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Single audit submission deadline (9 months after year-end) not met	Year 4 target delayed, FY23 will be the first year AFS can be produced through the system.	Year 4 target delayed, FY23 will be the first year AFS can be produced through the system.	AFS for FY2022 submitted for audit by Dec 31, 2022
Date	29-Jun-2018	04-Apr-2023	20-Oct-2023	30-Jun-2023
▶ PDO-3: New FMIS used for preparation of budget and recording of revenue and expenditure transactions (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target



Value	Accounting software 4-Gov in use but being phased out	Achieved	Achieved	New FMIS used for recording revenue and expenditure transactions and preparation of budget for FY2024
Date	29-Jun-2018	04-Apr-2023	20-Oct-2023	31-Jul-2023

To improve the availability of reliable socioeconomic statistics				
▶ PDO-2: Production, publication of statistical abstract featuring key findings from the HIES (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No HIES data available since 2002	Achieved	Achieved	Statistical abstract featuring key findings from HIES published
Date	29-Jun-2018	04-Apr-2023	20-Oct-2023	31-Mar-2021

Intermediate Results Indicators by Components

Strengthening the Public Financial Management Environment				
▶ IR-1: Procedures Manual updated with detailed guidance (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	As-is manuals for three functions available	Year 2 partially achieved Year 3 delayed Year 4 delayed: Updates to MoF SOP Manual (2015) promulgated	Year 2 achieved Year 3 delayed Year 4 delayed:	Procedures Manual in place with detailed guidance for budget formulation, accounting, internal controls, payroll, fixed assets, cash management and financial reporting
Date	29-Jun-2018	04-Apr-2023	20-Oct-2023	31-Mar-2022
▶ IR-2: New chart of accounts adopted to facilitate management, financial and statistical reporting (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	"D" score in 2012 PEFA PI-5; economic classification used for execution and reporting, but not for preparation and appropriation. No functional or sub-functional classification.	Achieved	Achieved	New COA meets criteria for "A" score for PI-4
Date	29-Jun-2018	04-Apr-2023	20-Oct-2023	30-Dec-2020



► IR-3: Update to Public Procurement Code and Implementation Guidance issued (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Code in need of update and no implementation guidance available	Year 4 delayed: To be completed April-May since bill has been passed.	Year 3 and 4 in progress.	Updated Public Procurement Code and IRR in use for public procurement
Date	29-Jun-2018	04-Apr-2023	20-Oct-2023	30-Jun-2023

Financial Management Information System

► IR-4: Financial data integrity achieved to meet “B” score for PI-27 (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	“D” score in 2012 PEFA PI-22. Bank account reconciliation and clearance of suspense and advance accounts delayed and incomplete	Year 1 partially achieved. Year 2 not achieved – PEFA assessment needed. Year 3 achieved. Year 4 delayed: assessment to be completed by PFM Specialist.	Year 1 partially achieved. Year 2 not yet achieved. Requires further capacity building.	Criteria for “B” score for PI-27 fully met
Date	29-Jun-2018	04-Apr-2023	20-Oct-2023	31-Dec-2022

► IR-5: In-year budget reports prepared and published by MoF to meet PEFA Framework “B” score of PI-28 (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	In-year budget reports not prepared and not published	MoF Budget Division currently provides two in-year budget reports (Reports 134 & 240) on a quarterly basis but also provides these on an 'on a request basis. Year 3 delayed – assessment to be completed by PFM Specialist. Year 4 delayed – assessment to be completed by PFM Specialist.	MoF Budget Division currently provides two in-year budget reports (Reports 134 & 240) on a quarterly basis but also provides these on an 'on a request basis. Year 3 and delayed.	In-year budget reports prepared and cleared for publication on MoF website meeting criteria for timing, accuracy, coverage and comparability to meet criteria of “B” score for PI-28
Date	29-Jun-2018	04-Apr-2023	20-Oct-2023	30-Jun-2023

Change Management and Human Resource Development

► IR-6: Competency framework with gender targets adopted for PFM related jobs across govt (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
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Value	No competencies for PFM related roles defined. Gender targets not identified.	Year 4 in progress	Year 4 in progress	Competency framework specifying minimum skillsets required adopted for PFM related jobs across government and used for recruitment and training to build gender-balanced workforce
Date	29-Jun-2018	04-Apr-2023	20-Oct-2023	30-Jun-2023
► 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	62.00	129.00	50.00
Date	29-Jun-2018	04-Apr-2023	20-Oct-2023	30-Sep-2023
Comments:	IR-7: Achieved			
► IR-8: Gender-sensitive communications 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.	Year 1 has not yet started Year 2 partially achieved Year 3 partially achieved Year 4 delayed.	Year 1 has not yet started Year 2 partially achieved Year 3 partially achieved Year 4 delayed.	MoF website enhanced and regularly updated with information for government staff and citizens with functionality developed for capturing and summarizing feedback.
Date	29-Jun-2018	04-Apr-2023	20-Oct-2023	30-Jun-2023
► IR-9: Transparency and citizen engagement in budget preparation and execution (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	MoF website exists but does not provide platform for receiving citizen feedback.	Year 3 partially achieved Year 4 delayed	Year 3 partially achieved Year 4 delayed	MoF 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	04-Apr-2023	20-Oct-2023	25-Jun-2024
► IR-10: Training plan developed to meet standards set in competency framework and address skills gaps (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No training plans in place	Achieved	Achieved	Training plans in place for MoF staff
Date	29-Jun-2018	04-Apr-2023	20-Oct-2023	31-Jan-2022
► IR-11: Number of external training program partnerships for certification and degree courses in PFM (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No external training program partnerships in place	Achieved	Achieved	Four (4) external training program partnerships for certification and degree courses in PFM related disciplines
Date	30-Jun-2018	04-Apr-2023	20-Oct-2023	30-Jun-2023

Household Income and Expenditure Survey (HIES) Implementation				
► IR-12: Household Income and Expenditure Survey (HIES) fieldwork and data cleaning completed (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	HIES not conducted since 2002	Achieved	Achieved	HIES data cleaning completed and documented
Date	30-Jun-2018	04-Apr-2023	20-Oct-2023	31-Dec-2020

Performance-Based Conditions

Data on Financial Performance

Disbursements (by loan)

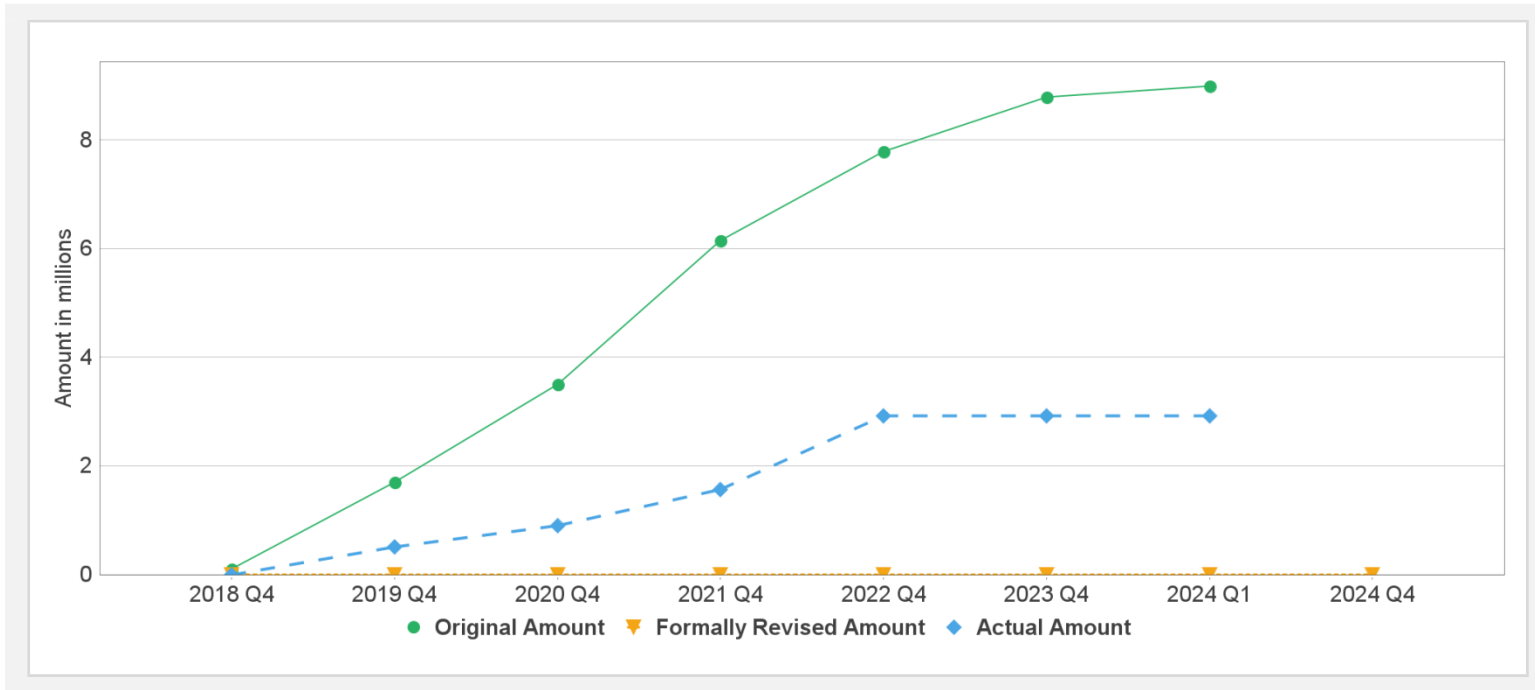
Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P163131	IDA-D3220	Effective	USD	9.00	9.00	0.00	5.06	3.32	60%

Key Dates (by loan)



Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P163131	IDA-D3220	Effective	30-May-2018	18-Jul-2018	01-Oct-2018	25-Sep-2023	25-Jun-2024

Cumulative Disbursements



Restructuring History

Level 2 Approved on 31-May-2023

Related Project(s)

There are no related projects.