



## Strengthening Public Financial Management in Rajasthan (P156869)

SOUTH ASIA | India | Governance Global Practice |  
IBRD/IDA | Investment Project Financing | FY 2018 | Seq No: 6 | ARCHIVED on 23-Dec-2021 | ISR49527 |

Implementing Agencies: Department of Economic Affairs (MOF), Republic of India

### Key Dates

#### Key Project Dates

Bank Approval Date: 01-May-2018

Effectiveness Date: 26-Jul-2018

Planned Mid Term Review Date: 29-May-2021

Actual Mid-Term Review Date: 05-Jun-2021

Original Closing Date: 31-Mar-2024

Revised Closing Date: 31-Mar-2024

### Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The Project Development Objective (PDO) is: "to contribute to improved budget execution, enhanced accountability, and greater efficiency in revenue administration in Government of Rajasthan".

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

No

### Components Table

Name

Strengthening Public Financial Management Framework:(Cost \$6.00 M)  
Strengthening Expenditure and Revenue Systems:(Cost \$21.65 M)  
Project Management and Capacity Building:(Cost \$3.30 M)  
Front End Fee:(Cost \$0.05 M)

### Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	<input type="checkbox"/> Satisfactory	<input type="checkbox"/> 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

Several complex public financial management (PFM) reforms have been undertaken successfully under the project, including development of a commitment control system, institutional strengthening/business process re-engineering of the Transport Department, updated framework for decentralized participative planning, conduct of a rationalization of schemes exercise, and strengthening of local fund audit/internal audit. It is imperative that these reforms are now fully mainstreamed and made an integral part of government systems. Some of these reforms have been undertaken at the sub-national level for the first time in India, and it will be great to share these achievements and consequent learnings with other States to help expedite PFM reform momentum in the country. The Bank will support this initiative through the PFM Knowledge and Innovation Network (PFMKIN).

Following the first year of project implementation, when all critical reform consultancies for the first phase were put in place, the pace of progress slowed primarily down due to COVID-19 lock down and frequent transfer of senior personnel. However, the project implementation has



improved in last year, and with another 2.4 years to go under the project, the disbursements and commitments current stand at 43% and 53% respectively. As a result, the overall progress towards achievement of the project development objective (PDO) and implementation progress have been maintained at a level of Satisfactory and Moderately Satisfactory, respectively.

**Risks**

**Systematic Operations Risk-rating Tool**

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

**Results**

**PDO Indicators by Objectives / Outcomes**

Project Development Objective				
► Strengthened budget execution by improving controls over commitment (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Commitment Control System does not exist	YR2: Achieved  YR3: Target: Policy on Commitment Control approved and notified by GoR; Policy, procedures/ guidelines and software solution implemented in 10 (ten) (cumulative) departments. Status: Under progress	YR2: Achieved  YR3: Target: Policy on Commitment Control approved and notified by GoR; Policy, procedures/ guidelines and software solution implemented in 10 (ten) (cumulative) departments.	CCS being used in 20 (twenty) departments covering 90% of their capital expenditure above threshold as established by the policy



				Status: Under progress
Date	01-May-2018	18-Jun-2021	16-Dec-2021	31-Mar-2024
Comments:				
► Institutional strengthening (IS) of Local Fund Audit Department (LFAD) (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Outdated audit manual and processes and no automation.	<p>Status: Year 1 indicator achieved. Year 2 partially achieved.</p> <p>Year 3: Target: • Risk-based audit methodology implemented across all Regional Offices of LFAD.</p> <ul style="list-style-type: none"> <li>• Audit Management Software (AMS) operationalized in headquarters and at least one Regional Office of LFAD.</li> <li>• All technical staff of LFAD trained in the new framework.</li> </ul> <p>Status: Pending achievement.</p>	<p>Status: Year 1 indicator achieved. Year 2 partially achieved.</p> <p>Year 3: Target: • Risk-based audit methodology implemented across all Regional Offices of LFAD.</p> <ul style="list-style-type: none"> <li>• Audit Management Software (AMS) operationalized in headquarters and at least one Regional Office of LFAD.</li> <li>• All technical staff of LFAD trained in the new framework.</li> </ul> <p>Status: Partially achieved.</p>	New framework followed in all Regional Offices of LFAD and audit process migrated to AMS
Date	01-May-2018	18-Jun-2021	16-Dec-2021	31-Mar-2024
► Strengthened public procurement framework and capacity (including training of minimum 5% female employees of the department) (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	<p>Draft SBDs for new contracting methods under preparation.</p> <p>Lack of institutionalized public procurement training system with limited outreach.</p> <p>No database of debarred firms.</p>	<p>Year 3: Target : 4,000 officials trained and certified in public procurement</p> <p>Status: Year 1 and 2 - Delayed due to late hiring of consultants, work now underway. Year 3 - Pending due to delay in hiring of consultants, procurement process now underway.</p>	<p>Year 3: Target : 4,000 officials trained and certified in public procurement</p> <p>Status: Year 1 - Achieved. Year 2 - Achieved. Year 3 - Pending due to delay in hiring of consultants, procurement process now underway.</p>	<p>SBDs notified and published.</p> <p>Database of debarred firms developed.</p> <p>Procurement capacity of the officials enhanced.</p>



Date	01-May-2018	18-Jun-2021	16-Dec-2021	31-Mar-2024
<b>► Improving effectiveness of Tax Audit in the Commercial Taxes Department (CTD) (Text, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Audit hit rate low (10%)	Status: YR1: Achieved  Year 3 Target: Audit hit rate improves to 15%  Status YR2 and YR3: Pending achievement.	Status: YR1: Achieved  Year 3 Target: Audit hit rate improves to 15%  Status YR2 and YR3: Pending achievement.	Audit hit rate improved to 20%
Date	01-May-2018	18-Jun-2021	16-Dec-2021	31-Mar-2024

### Intermediate Results Indicators by Components

<b>Strengthening Public Financial Management Framework</b>				
<b>► Implementation of a strengthened decentralized participatory planning process in Rajasthan (Text, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Weak decentralized participatory planning process and not linked to the annual budget process.	Status: YR 1: Pending. YR2: Partly achieved YR3: Pending.	Status: YR 1: Pending. YR2: Achieved. DP prepared for first pilot, but not on any software. YR3: Pending.	District level planning under strengthened framework mainstreamed in RDPR and DoP.
Date	01-May-2018	18-Jun-2021	16-Dec-2021	31-Mar-2024
<b>► Institutional strengthening of internal audit (IA) function (Text, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Audit setup needs strengthening; Outdated manual, rules, circulars, and processes.	Status: YR 1, YR2 and YR3: Achieved.	Status: YR 1, YR2 and YR3: Achieved.	Modernized Internal Audit Manual developed and action plan for implementation notified.
Date	01-May-2018	18-Jun-2021	16-Dec-2021	31-Mar-2024
<b>► Data for policy action (Text, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Administrative/MIS/trans actional data not being	Status: YR1, YR2 and YR3: Achieved.	Status: YR1, YR2 and YR3: Achieved.	Usage of developed indices in planning and



	used for planning and monitoring purposes.			monitoring; develop plan on updating indices.
Date	01-May-2018	18-Jun-2021	16-Dec-2021	31-Mar-2024

**Strengthening Expenditure and Revenue Systems**

► Increased coverage of e-procurement (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	e-Procurement tender value in 2016-17 - INR 23,000 crores	Status: YR1, YR2 and YR3: Achieved.	Status: YR1, YR2 and YR3: Achieved.	Enhanced coverage of e-Procurement
Date	01-May-2018	18-Jun-2021	16-Dec-2021	31-Mar-2024

► Reduced delays by making awards within initial bid validity period in ten identified departments (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Estimated 50% contracts are awarded within initial bid validity period.	Status: YR 1 and YR2: Achieved. YR3: Report awaited	Status: YR 1, YR2 and YR3: Achieved.	90% contracts awarded within initial bid validity period in the ten departments.
Date	01-May-2018	18-Jun-2021	16-Dec-2021	31-Mar-2024

► Improved awareness of SPFC (percentage citing awareness in total users surveyed) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Survey done by Consumer Unity & Trust Society International (CUTS) (12% for SPFC)	Status: Study to assess awareness of SPFC is ongoing.	Status: Achieved	Enhanced awareness of SPFC among stakeholders; survey to be conducted in Year 3 and Year 5.
Date	01-May-2018	18-Jun-2021	16-Dec-2021	31-Mar-2024

► Reduction in tender notice advertisement expenditure (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	The expenditure incurred in the Year 2017-18 on NIT is 0.41% of the procurement value (Rs.27,000.00 cr.) during 2017-18.	Status: YR1 and YR2: Achieved YR3: Pending	Status: YR1, YR2 and YR3: Achieved	Tender notice advertisement expenditure reduced up to 0.20% of the procurement value during 2020-21.
Date	01-May-2018	18-Jun-2021	16-Dec-2021	31-Mar-2024

► Improve debt management - Enhance transparency and systemize procedures (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
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Value	Debt records are manual and not centralized. Consolidated and electronic debt recording system does not exist.  MTDS is not prepared.  DSA does not include shocks and scenario analysis. Dedicated debt statistical bulletin not prepared.	Status: YR1 and YR3: Pending.	Status: YR1 and YR3: Pending.	Strengthened debt management - reliable MTDS, DSA prepared; consolidated debt database used to prepare analytical outputs.
Date	01-May-2018	18-Jun-2021	16-Dec-2021	31-Mar-2024
► Improved cash management practices as measured by improved accuracy in cash flow forecasts (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Monthly cash flow forecasts not prepared.	Status: delayed due to hiring of consultants. Proposed (Yr1 to Yr 2) to be shifted forward.	Status: delayed due to hiring of consultants. Proposed (Yr1 to Yr 2) to be shifted forward.	Cash flow forecasts prepared more accurately and error margins reduced to less than 10%.
Date	01-May-2018	18-Jun-2021	16-Dec-2021	31-Mar-2024
► Strengthened tax administration in the CTD (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Need to align institutional structure and processes in the CTD to evolving indirect tax regime.	Status: Year 1 Achieved. Year 2 TNA completed. Report on institutionalizing training strategy and training courseware prepared Year 3 : Pending.	Status: Year 1 Achieved. Year 2 TNA completed. Report on institutionalizing training strategy and training courseware prepared Year 3 : Results obtained being reviewed	Capacity of the CTD strengthened.
Date	01-May-2018	18-Jun-2021	16-Dec-2021	31-Mar-2024
► Decline in non/stop-filers in the CTD (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Non/stop filers (annual returns) as percentage of active dealers. Baseline to be determined on the basis of FY 17-18 in FY 2018-19.	Status: YR 2 and 3: Pending.	Status: YR 2 and 3: Pending.	Risk to revenue managed by reducing the percentage of non/stop filers as percentage of registered active dealers to 15%.
Date	01-May-2018	18-Jun-2021	16-Dec-2021	31-Mar-2024
► Value of tax recoveries (reduction in arrears) in the CTD (Text, Custom)				



	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Tax arrears for last three years at 57% of total arrears.	Status: YR1, YR2 and YR3: Pending.	Status: YR1, YR2 and YR3: Pending.	Tax arrears for last three years reduced to 30% of total arrears.
Date	01-May-2018	18-Jun-2021	16-Dec-2021	31-Mar-2024
<b>► Strengthening of Transport Department (Text, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	The average growth in the Transport Department revenue during past four years (from 2013-14 to 2016-17) is 12.24%.	Status: YR1 and YR2: Achieved YR3: Pending.	Status: YR1 and YR2: Achieved YR3: Pending.	Growth in Transport Department's revenue for FY 2021-22 over FY 2020-21 by 14.00%.
Date	01-May-2018	18-Jun-2021	16-Dec-2021	31-Mar-2024
<b>► Strengthening of Excise Department (Text, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	The average growth being the CGAR in the Excise Department revenue during past three years (from 2014-15 to 2016-17) is 12.46%.	Status: YR1 and YR2: Outstanding, but underway YR3: Pending.	Status: YR1 and YR2: Outstanding, but underway YR3: Pending.	Growth in Excise Department's revenue for FY 2021-22 over FY 2020-21 by 14.00%.
Date	01-May-2018	18-Jun-2021	16-Dec-2021	31-Mar-2024

## Performance-Based Conditions

### Data on Financial Performance

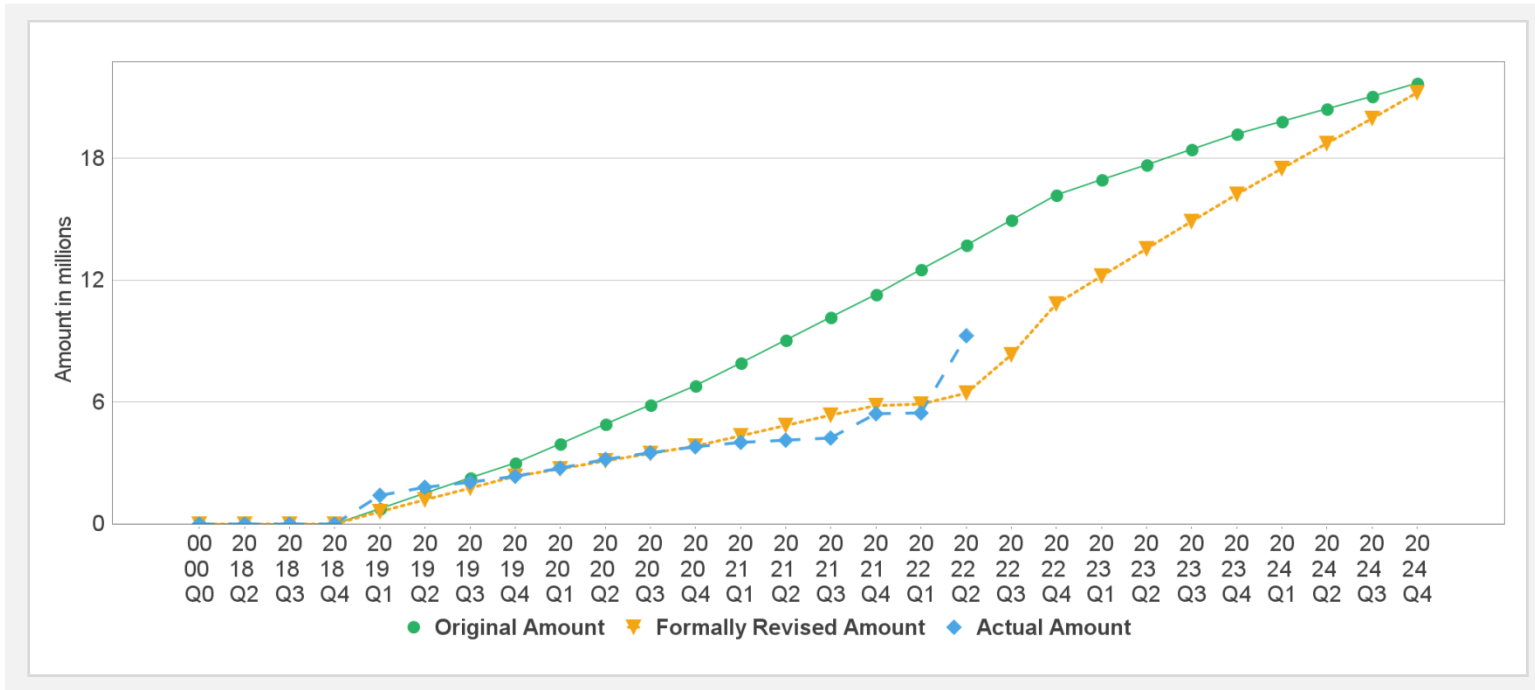
#### Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P156869	IBRD-88550	Effective	USD	21.70	21.70	0.00	9.31	12.39	43%

#### Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P156869	IBRD-88550	Effective	01-May-2018	29-May-2018	26-Jul-2018	31-Mar-2024	31-Mar-2024

#### Cumulative Disbursements



**PBC Disbursement**

PBC ID	PBC Type	Description	Coc	PBC Amount	Achievement Status	Disbursed amount in Coc	Disbursement % for PBC
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**Restructuring History**

There has been no restructuring to date.

**Related Project(s)**

There are no related projects.