



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: 6 | ARCHIVED on 23-Dec-2021 | ISR48164 |

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-Sep-2023

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"/> Substantial

Implementation Status and Key Decisions

The achievement of project development objectives (PDO) and implementation progress remain moderately satisfactory the PDO remains relevant and achievable. As of 30 September 2021, the project had disbursed US\$ 1.56 million, or 17.58 percent of the project funds. Since the December 2020 mission, the project disbursed US\$0.66 million. The disbursement significantly lags the expected USD 6.16 million by 2021 Q4. The FMIS contract was signed with the vendor in November 2021. Accordingly, disbursements are expected to increase significantly as FMIS implementation progresses.

The mission noted progress on all project components despite the unexpected departure of the project manager and COVID-19 related impacts. The RCU has drafted as-is procedures manuals for payroll, fixed assets, and accounting. A consultant will be engaged under the project to draft the



to-be manuals as well as the manuals for budget, internal controls, cash management, and financial reporting. The household income and expenditure survey (HIES) has been completed and EPPSO is working to develop the Statistical Abstract. The competency framework has been approved by the Public Service Commission (PSC) which forms the basis of establishing external partnerships. After delays, the CIU is now fast tracking the recruitment of the Project Manager and the renewal on key international consultants' contracts in the PIU. The PFM working group and the PFM Steering Committee have experienced significant turnover recently and hence have not supported the project as envisioned during project design. The Financial Management Act (FMA) has been drafted and will be reviewed to ensure alignment with the newly passed Fiscal Responsibility and Debt Management Act (FRDMA).

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	☐ Low	☐ Substantial
Other	--	☐ Moderate	☐ Substantial
Overall	☐ Substantial	☐ Moderate	☐ Substantial

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	New Chart of Accounts drafted and adopted by the Steering Committee	New Chart of Accounts drafted and adopted by the Steering Committee and FMIS contract signed	AFS for FY2022 submitted for audit by Dec 31, 2022
Date	29-Jun-2018	29-Jun-2021	30-Nov-2021	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	No change	No change	New FMIS used for recording revenue and expenditure transactions and preparation of budget for FY2024
Date	29-Jun-2018	29-Jun-2021	30-Nov-2021	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	Data cleaning completed	Data cleaning completed	Statistical abstract featuring key findings from HIES published
Date	29-Jun-2018	29-Jun-2021	30-Nov-2021	31-Mar-2021

Overall Comments

The project development objective (PDO) indicators are behind scheduled third-year targets, mainly due to the overall project procurement delays and COVID-19 related lockdown consequences. However, with the project implementation progress, the mission noted that there is a high likelihood that two of the three PDO indicators will be achieved as scheduled by end of the project. Implementation has progressed well on Component 3 (Human Resource Development and Change Management) and Component 4 (Household Income and Expenditure Survey). Components 1 (Public Financial Management (PFM) environment) and 2 (Financial Integrated Management System (FMIS)) have made progress but are lagging in meeting annual targets. Under Component 5, the project has established excellent working relationships with all stakeholders but has had several project planning oversights that must be addressed.

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	No change	No change	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	29-Jun-2021	30-Nov-2021	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.	No change	CoA adopted by Steering Committee	New COA meets criteria for "A" score for PI-4
Date	29-Jun-2018	29-Jun-2021	30-Nov-2021	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	Updates to Procurement Code drafted	Updates to Procurement Code drafted	Updated Public Procurement Code and IRR in use for public procurement
Date	29-Jun-2018	29-Jun-2021	30-Nov-2021	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	No change	No change	Criteria for "B" score for PI-27 fully met
Date	29-Jun-2018	29-Jun-2021	30-Nov-2021	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	No change	No change	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	29-Jun-2021	30-Nov-2021	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
Value	No competencies for PFM related roles defined. Gender targets not identified.	Competency framework submitted to PSC December 2020 - awaiting endorsement, Training strategy and Training Plan developed based on competency framework	Competency framework used as basis for preparing training plans without targets to increase female employment at technical and managerial level in MoF	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	25-Sep-2020	30-Nov-2021	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	22.00	22.00	50.00
Date	29-Jun-2018	29-Jun-2021	30-Nov-2021	30-Sep-2023
► 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.	Change Management strategy drafted. Five outreach events conducted. Media collateral distributed via PFM social media external presence (Facebook)	MoF website enhanced and launched with gender-sensitive content and design, including functionality to capture feedback from beneficiaries	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	29-Jun-2021	30-Nov-2021	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.	No change - Year 3 interim target	MoF website enhanced to include functionality for capturing feedback from project beneficiaries (government staff and citizens)	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	29-Jun-2021	30-Nov-2021	30-Jun-2023
► 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	Competency framework drafted. Training needs identified and training plan developed	Training plan developed to develop skills as per Competency Framework without targets for increased female participation at technical and managerial level	Training plans in place for MoF staff
Date	29-Jun-2018	29-Jun-2021	30-Nov-2021	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	Competency framework drafted and training needs assessment completed	Two (2) external training program partnerships for certification and degree courses in PFM related disciplines	Four (4) external training program partnerships for certification and degree courses in PFM related disciplines
Date	30-Jun-2018	29-Jun-2021	30-Nov-2021	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	HIES Fieldwork completed. Data cleaning completed and documented	HIES draft report completed.	HIES data cleaning completed and documented
Date	30-Jun-2018	29-Jun-2021	30-Nov-2021	31-Dec-2020

Performance-Based Conditions



Data on Financial Performance

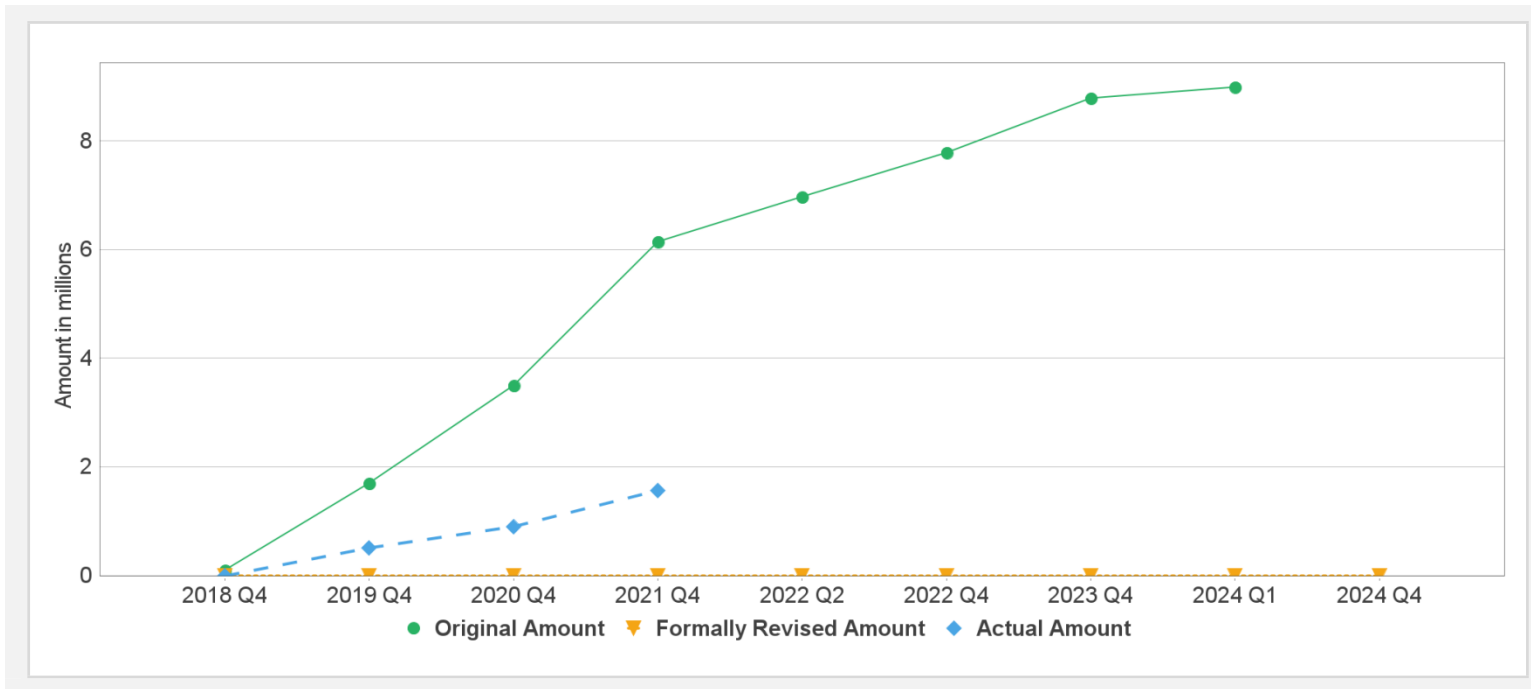
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P163131	IDA-D3220	Effective	USD	9.00	9.00	0.00	1.56	7.33	18%

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-Sep-2023

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.
