



## Capacity Building in Public Financial Management 2 (P155148)

EUROPE AND CENTRAL ASIA | Kyrgyz Republic | Governance Global Practice |  
Recipient Executed Activities | Investment Project Financing | FY 2018 | Seq No: 10 | ARCHIVED on 20-Jun-2022 | ISR50416 |

Implementing Agencies: the Kyrgyz Republic, The Kyrgyz Republic

**Key Dates****Key Project Dates**

Bank Approval Date: 14-Dec-2017

Effectiveness Date: 11-Jul-2018

Planned Mid Term Review Date: --

Actual Mid-Term Review Date:

Original Closing Date: 31-Aug-2020

Revised Closing Date: 31-Aug-2022

**Project Development Objectives**

Project Development Objective (from Project Appraisal Document)

The Project Development Objective (PDO) is to improve budget predictability, control and transparency in the Kyrgyz Republic.

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

No

**Components** Table

Name

Strengthening budget planning and execution:(Cost \$0.82 M)  
Building capacity of the Ministry of Finance in the public finance management:(Cost \$1.07 M)  
Intergovernmental Fiscal Relations and Sub-National PFM:(Cost \$0.63 M)  
Project Management:(Cost \$0.39 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 Satisfactory
Overall Risk Rating	<input type="checkbox"/> Substantial	<input type="checkbox"/> Substantial

**Implementation Status and Key Decisions**

Progress towards the development objective is assessed to be moderately unsatisfactory.

The latest mission by the World Bank in April 2022 concluded that, while the project implementation is moving at a good pace and disbursement has picked up (increased from 32 percent to 68 percent of project funds between November 2021 and June 2022), for successful project completion by the closing date (August 31, 2022) and achievement of the development objective, implementation progress needs to be sustained, disbursement further accelerated, and necessary monitoring data collected compiled and reported.



## Risks

### Systematic Operations Risk-rating Tool

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

## Results

### PDO Indicators by Objectives / Outcomes

to improve budget predictability, control and transparency in the Kyrgyz Republic				
▶ Decreased variance in functional composition of expenditure out-turn (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	13.10	14%	14%	Reduction by at least 7 (seven) percentage points compared to baseline
Date	28-Sep-2018	16-Jul-2021	01-Feb-2022	31-Aug-2022
Comments:	Calculations are based on the 2020 data provided by the MoEF. Calculations will be updated in July when the data becomes available. The indicator may not be achieved due to COVID-19 pandemic and other external shocks.			
▶ Diminished stock of expenditure payment arrears as a share of central budget expenditures (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	4.50	5.4%	5.4%	Not more than 3%



Date	31-Dec-2017	16-Jul-2021	01-Feb-2022	31-Aug-2022
Comments:	Aggregate stock of expenditure arrears without membership fees to international organizations (% of total expenditure), 2019 data. Calculations will be updated in June 2022. The team expects that after initial impact of COVID-19 pandemic, the situation has improved and the target value of this indicator will be achieved.			
► Improved budget transparency Open Budget Index value (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	54 out of 100 (2015)	Achieved. 63 out of 100.	Achieved. 62 out of 100.	Improvement over 2019/2020 index value, if updated value (for 2020/2021) is available
Date	31-Dec-2015	16-Jul-2021	10-Jun-2022	31-Aug-2022
Comments:	The target value of this indicator is achieved as of 2022. The 2022 value is 62 (out of 100), which is a slight slippage from the 2019 assessment value of 63, but still a significant improvement from the baseline.			

#### Intermediate Results Indicators by Components

Strengthening budget planning and execution				
► Improved revenue forecasting (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	The forecasting is done based on revenue forecasting methodology adopted in 2015. There is no information system on revenue forecasting	Under implementation.	Partially achieved.	Updated methodology is used to forecast revenues
Date	01-Jun-2016	16-Jul-2021	14-Feb-2022	31-Aug-2022
Comments:	An Action Plan has been prepared for shortcomings and required improvements in the revenue forecasting; a model and a guide for using the model have been developed (currently under review by the MoF); training was conducted. Use of the model will be confirmed in July 2022.			
► Increased public participation in budget process, an OBI participation score (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	52 out of 100 (2015)	33 out of 100.	The methodology has changed. The new methodology-based scores suggest decline of public participation: 33 out of 100 in 2019 and 26 out of 100 in 2022.	57 out of 100 (2019/2020). The assessment questions used by OBI to derive this indicator have changed, therefore, the end-of-project value will need



				to be analyzed vs previous values more than vs. this end target.
Date	31-Dec-2015	16-Jul-2021	10-Jun-2022	31-Aug-2022
Comments:	Source: OBI 2019 and OBI 2022. Questions used in the OBI 2017 assessment (baseline) have changed and a direct comparison of the 2015 baseline and 2019/2022 scores is not possible. The latest score of 31 (2017) calculated using the old methodology was lower than 2019 score of 33, then the 2022 score for the same question as in 2019 has gone down to 26 suggesting a deterioration of public participation.			
<b>► Training in PFM area in support of PFM Strategy delivered (Text, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	MoF Training center is actively involved into training of relevant officials in PFM area	Under implementation.	700 PFM staff have been trained.	Training of at least 800 PFM staff
Date	01-Jul-2015	16-Jul-2021	14-Feb-2022	31-Aug-2022
Comments:	Based on the MoF information, over 700 have been trained. Confirmation of full achievement is expected in July 2022.			

<b>Building capacity of the Ministry of Finance in the public finance management</b>				
<b>► Enhanced e-GP coverage (Text, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	e-GP only covers goods and works procurement	Partially achieved.	Achieved (e-GP also covers consultancy selection)	e-GP also covers consultancy selection
Date	30-Nov-2017	16-Jul-2021	29-Apr-2022	31-Aug-2022
<b>► Increased capacity in internal audit, number of certified auditors (Text, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	92.00	92 (achieved)	70.00
Date	30-Nov-2017	16-Jul-2021	14-Feb-2022	31-Aug-2022
Comments:				

**Intergovernmental Fiscal Relations and Sub-National PFM**



► System of intergovernmental fiscal relations improved (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No vision to improve intergovernmental transfer system.	Under implementation.	Partially achieved.	The system of intergovernmental fiscal relations improved based on the project recommendations is fully operational
Date	30-Nov-2017	16-Jul-2021	14-Feb-2022	31-Aug-2022
Comments:	Three subnational PEFA assessments, that will help identify gaps and provide recommendations for improvement, were finalized in late December 2021 and made publicly available through the PEFA Secretariat website. The work has informed the policy dialogue, however due to a political decision of moving to three level budget structure, full implementation will be unlikely by the project closing date.			
► Equalization power of the intergovernmental fiscal transfers formula improved (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1653,7 for 2017	Under implementation.	Under implementation.	Reduced by 15% compared to the baseline value
Date	31-Dec-2017	16-Jul-2021	14-Feb-2022	31-Aug-2022
Comments:	Under implementation; the Bank-executed trust fund completed a review of the equalization grant formula and provided recommendations for its improvement to the MoEF for consideration. Government is planning significant administrative reforms that will have serious implications for intergovernmental fiscal relations. The latter may result in changes to the proposed formula.			

Project Management				
► The PIST is fully staffed and preforms its duties timely and with adequate quality (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	PIST does not exist	Achieved.	Achieved.	The PIST is fully staffed and preforms its duties timely and with adequate quality
Date	01-Jun-2018	16-Jul-2021	14-Feb-2022	31-Aug-2022
Comments:	Project implementation function transferred to the CLMU - the existing PIU under MoF. The CLMU is adequately staffed to efficiently perform its duties.			

## Performance-Based Conditions

### Data on Financial Performance



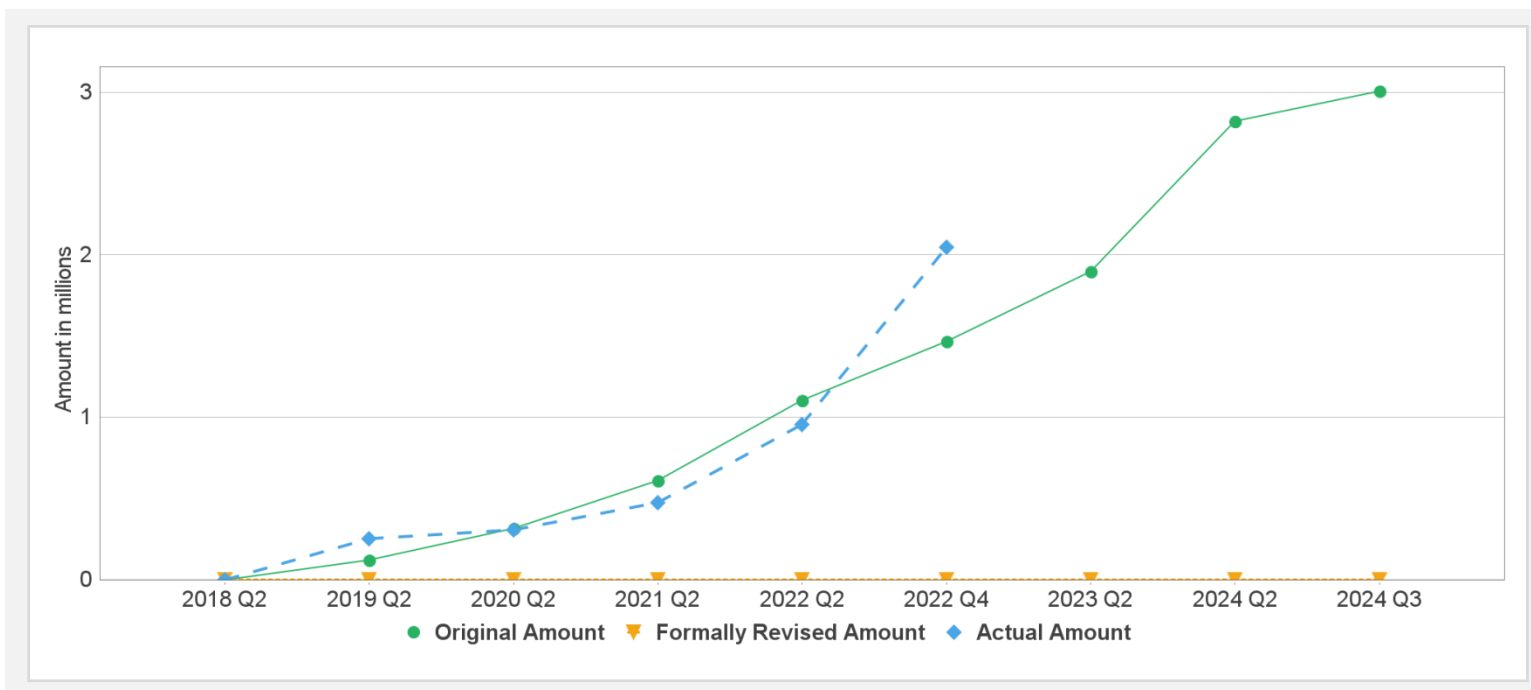
**Disbursements (by loan)**

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P155148	TF-A3998	Effective	USD	3.01	3.01	0.00	2.05	0.97	68%

**Key Dates (by loan)**

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P155148	TF-A3998	Effective	15-Dec-2017	24-Jan-2018	11-Jul-2018	31-Aug-2020	31-Aug-2022

**Cumulative Disbursements**



**Restructuring History**

Level 2 Approved on 10-Aug-2020 ,Level 2 Approved on 22-Sep-2021

**Related Project(s)**

There are no related projects.