

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: 34021

Project Name	Public Sector Management Program Support Project
Region	AFRICA
Sector	General public administration sector (100%)
Project ID	P082452
Borrower(s)	GOVERNMENT OF ZAMBIA
Implementing Agency	
	Government of Republic of Zambia Ministry of Finance and National Plannin Box 50062 Zambia Tel: 260-1-253512 Fax: 260-1-251078
	Cabinet Office, Ministry of Finance Zambia
Environment Category	<input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
Date PID Prepared	July 13, 2005
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Date of Board Approval	December 13, 2005

1. Country and Sector Background

Zambia's economic development has been dominated by the secular decline in the purchasing power of its copper resources, which is now being reversed thus risking an increasing dependency on copper revenues to the detriment of economic diversification and the broader spread of the nation's international trade risks. This situation was aggravated by frequent droughts, the government's inability to manage this effectively, failure to diversify the economy and the HIV/Aids pandemic. Zambia is among the most heavily indebted countries in Africa. and was granted debt relief under the enhanced HIPC framework at the end of 2000 with a floating completion point which will be reached in early April 2005. Since 1999, the economy has experienced a consistently modest recovery but poverty reduction remains a challenge due to the heavy debt burden, weak institutional capacity and ineffective spending.

Despite this, reforms have slowly but steadily been made over recent years. The GRZ continues to struggle with management and accountability for public resources although progress has been made. Deficiencies continue in all areas of the public financial management cycle from Parliamentary oversight and budget preparation to internal controls and external audit. GRZ has made substantial progress in civil service downsizing, initial pay reforms for the senior civil service, some aspects of public sector restructuring such as the privatization and commercialization of many parastatals, and in undertaking initial reforms in public financial management such as the introduction of a payroll management and establishment control system, a financial management system and introduction of a MTEF. The PSMPS will support the multi-donor effort to advance and entrench the progress made to date in public expenditure management, public service management and decentralization.

The key issues faced by GRZ in ensuring a transparent and accountable public sector are:

- (i) The need to develop a budget and procurement systems with greater transparency and effectiveness;
- (ii) The need to further improve accountability and transparency in the use of public funds;
- (iii) The need for effective rightsizing of ministries and agencies based on organizational functions and the budget envelope;
- (iv) The need to implement pay reforms that include incentives that would attract and retain skilled and professional staff in key sectors;
- (v) The need to ensure that a decentralization strategy is implemented in step with the capacity of central government agencies to support it and the absorptive capacity of local governments to undertake effective service delivery .

2. Objectives

Development objectives. The Project development objective is to improve public sector efficiency and effectiveness in GRZ to facilitate economic growth and reduce poverty. In this context, the specific project development objective of the PSMSP is to strengthen and increase efficiencies in the legal, accounting and administrative frameworks for public expenditure management, public service management and decentralization.

3. Rationale for Bank Involvement

The main reason for supporting the government's program through the Public Sector Management Program Support Project (PSMPSP) is the Bank's earlier commitment to sustain its support to the 13 year Adaptable Program Lending (APL) approved by the Board on March 28 2000 and which became effective on October 3, 2000. The first phase, the Public Sector Capacity Building Project (PSCAP) will conclude in June 2005. The performance triggers for Phase 2 of the APL have been met and include pay reforms in the senior and technical cadres, establishment and payroll controls, introduction of a MTEF and the production of audited annual financial statements for selected ministries. The proposed second operation will continue to support the CAS Strategic Priority to improve the efficiency and effectiveness of the management of the public sector.

IDA's funding through the PSMSP will be made through a harmonized approach to public sector capacity building in Zambia through pooling of funds with other donors to the Public Sector Management Program (PSMP). Donors that have been identified and agreed to the funding modality include the United Kingdom, European Union (EU), Germany, Norway, Denmark, Finland, Ireland, the Netherlands, Sweden and UNDP. The IMF Resident Mission has observer status. The Government of the Republic of Zambia (GRZ) has also indicated strong preference to the Sector Wide Approach (SWAP) for funding the program.

The planning of this project has been based on a number of studies including the GRZ/Bank PEMFA diagnostic report, a complementary study by Oxford Policy Management completed for DfID, the GRZ Public Sector Reform Priorities Report and the report of the multi-donor appraisal teams, which included the Bank. In the application of the findings of these reports to program and project preparation, the Bank worked closely with GRZ and other donors to ensure consistency across donors and program components.

Anticipated total funding for the PSMP is US\$102 million over five years to which it is proposed that the Bank will contribute US\$20 through PSMSP. US\$74 million will be allocated to the PEMFA

component, US\$27 million to the PSM component and US\$1 million to the decentralization component. The majority of funds will be provided by the European Union and the United Kingdom. Support to the PEMFA and PSM components of the GRZ reform agenda is envisaged to be through pooled funding while a decision on funding for the decentralization component is yet to be determined among donors because of its lower priority in GRZ reforms.

4. Description

The Public Sector Management Program (PSMP) is designed around two components: (1) Public Expenditure Management and Financial Accountability (PEMFA); and (2) Public Sector Management (PSM). The Bank will provide support to all of these components by pooling its funds with other development partners.

Component 1: Public Expenditure Management and Financial Accountability (PEMFA). This component will roll-out a financial management system to all central spending agencies and provinces and implement a new treasury management system. This will require the provision of technical assistance, procurement of computer hardware and training. Commitment control systems will be improved by integrating them into the financial management system and effective sanctions will be taken against controlling officers who do not respect commitment control policies and spending ceilings. Work under this subcomponent of the component will involve a major reform of the government's accounting system to address the problems associated with manual record-keeping and out-of-date technology, along with incompatibility between budget preparation, budget execution and payroll management procedures. This component has the following subcomponents:

- **Commitment Control and Financial Management System.** Roll-out of a financial management system to all central spending agencies and provinces and implement a new treasury management system. This will require the provision of technical assistance, procurement of computer hardware and training. Commitment control systems will be improved by integrating them into the financial management system and effective sanctions will be taken against controlling officers who do not respect commitment control policies and spending ceilings. Work under this subcomponent of the component will involve a major reform of the government's accounting system to address the problems associated with manual record-keeping and out-of-date technology, along with incompatibility between budget preparation, budget execution and payroll management procedures.
- **Integrated Financial Management Information Systems (IFMIS) Implementation.** Full implementation of a system of financial management and commitment control through provision of hardware and software for an integrated financial information management system (IFMIS). Long term training activities will also be funded under this subcomponent to ensure that users are adequately capacitated to run the system and is a sound first step towards implementing sustainable IFMIS capacity and will help lead to the implementation of a more efficient financial management system. Funds will also be utilized to further develop and implement the Wide Area Network (WAN) that provides the tools for overall communication between spending units, data entry units, decision making units, data center and the human resources that operate and maintain the system.
- **Reformed Budget Preparation and Budget Execution.** Establishment of a credible budgeting process and a transparent and clear presentation of the budget document and to implement the budget in a more efficient and predictable fashion, with reduced variance between budget and actual spending. This subcomponent will support the development of a

more user-friendly budget document, undertaking regular public expenditure reviews and improving the system of cash release.

- **Improved Fiscal Policy and Economic Planning.** Development of a multi-year planning framework and work on a new macroeconomic model on which to base the framework and other analyses. Activities will include reviews of existing documentation, data collection, and construction of a consistency framework and of a budget forecasting tool.
- **Improved Debt Management.** Provision of support to the Debt Management Office through the Treasury Department to complement its debt management capacity building activity with the Central Bank - Bank of Zambia. Consultants have worked closely with the department to prepare the activities under this component which include reforms to the back office function of the department and development of a plan to develop a domestic debt market. Among the outcomes of this subcomponent is the finalization and adoption of the draft Domestic Debt Policy and Reduction Strategy reform document. Activities will also be undertaken in the development of centralized database of debt data, revision of the Loans and Guarantees Act and development of a policy on parastatals. A strategy for a Domestic Debt Market will also be prepared and implemented under this subcomponent.
- **Improved Internal Audit.** This subcomponent will: (a) build capacity through a range of training programs and consultancies and provide computers and vehicles to enable the department undertake audits in remote areas; (b) review and enhancement of internal control systems and subsequent implementation of training programs to enhance the professional development of staff. Funds will also be provided to strengthen the linkages between the Office of the Auditor General and Zambia Institute of Chartered Accountants (ZICA), the Anti-Corruption Commission (ACC), Drug Enforcement Commission (DEC), and Office of the Ombudsman.
- **Better External Finance Co-ordination.** Funding for this subcomponent is intended for the cost of technical assistance, training and consultancy for the development of a standard reporting format for planned and disbursed funds. Funds will also be utilized for the development of a database of external resources and establishment of a system of integrating donor partner flows into budget documents, thus ensuring that accurate information is readily available to the Ministry of Finance and National Planning. Activities that will be implemented under this subcomponent will be based on the recommendations of the AID Policy currently being developed under the Harmonization in Practice (HIP) agenda.
- **Consistent Legal Framework for Public Expenditure Management.** This subcomponent is intended to provide the needed technical assistance and equipment related to the review and harmonization of existing legislation on public expenditure management. Support will also be provided for capacity building initiatives related to the implementation of legislative reforms including provision of funds to train staff in the Ministry of Justice in legislative drafting.
- **Strengthened External Audit (Office of the Auditor General).** The main activities financed under this subcomponent are those pertaining to the enhancement of the Office of the Auditor General's institutional capacity through civil works in the districts and extension of the Office of the Auditor General Head Office in Lusaka. This work was started under PSCAP but was discontinued when finances were allocated to meet civil service retrenchment payments.

- **Enhancing Parliamentary Oversight.** This subcomponent will involve consultancy, training and provision of equipment in order to build the capacity of Members of the Parliamentary Accounts and Budget and Estimates Committees staff to strengthen their role in this capacity. Civil works to the existing facilities will be expanded to improve public participation in Parliamentary business, a modernized management information system will be put in place and mechanisms will be strengthened to ensure a response to Public Accounts Committee reports is developed through strengthened linkages between the Public Accounts Committee, the Office of the Auditor General and other institutions. Links will be strengthened between the Estimates Committee and the Ministry of Finance and National Planning (Budget Office) in order to enhance the capacity and input of the Parliamentary committee in the budgetary process. PEMFA focus will be on training, promotion of public awareness, automation of committee work processes (work had started under PSCAP), establishing a feedback mechanism to Parliament, and technical assistance to the two committees.
- **Accountancy Training and Regulation.** The activities to be supported under this subcomponent include consultancy, technical assistance (long term and short term), training and equipment in a series of activities leading to a new Procurement Act and revised guidelines, enhanced procurement practices, implementation of a code of conduct, establishment of Procurement and Supplies Unit in all ministries, provinces and spending units, and transformation of the Zambia National Tender Board into a more effective and transparent regulatory and oversight body.
- **PEMFA Secretariat.** The PEMFA Secretariat will be the primary mechanism for managing the linkages between the 12 vertical components. The secretariat will also be responsible for preparing all management and monitoring reports for the Joint Technical Working Group, the PEMFA Steering Committee and the development partners.

COMPONENT 2: PUBLIC SERVICE MANAGEMENT (PSM). The PSM component has four subcomponents: (a) Rightsizing, Pay Reform; (b) Performance Management; (b) Payroll Management; and (d) Establishment Control. This component aims to build upon progress made in PSCAP, including: (i) the pay reform strategy approved by Cabinet; (ii) the new General Orders defining standards for behavior in the public service; (iii) the plans prepared with the assistance of Bank specialists to reform public service pensions; (iv) the plans to strengthen social safety nets; (v) the ongoing actions to bring the wage bill down to a sustainable level; and (vi) the retrenchment based upon ministerial restructuring plans.

- (a) bring the wage bill down to a sustainable level;
- (b) put in place better arrangements for managing establishment and payroll;
- (c) restructure government to achieve PRSP objectives more effectively; and
- (d) improve incentives. This component has the following subcomponents:

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- **Rightsizing.** This subcomponent is intended to support government to bring about the sustainable restructuring necessary to rationalize its functions including the generation of financial resources needed to create pay incentives that will motivate staff who are capable of delivering quality services to the people of Zambia.

- **Pay Reform.** This subcomponent is intended to provide funds for technical assistance for attracting, motivating and retaining qualified and competent personnel. It is also intended to help fund activities for enhancing Public Service salaries and conditions of service in order to boost morale and increase productivity. Key activities include:
 - (i) Design an action plan for fully implementing MTPRS.
 - (ii) Design an Action Plan to implement SASE.
 - (iii) Mobilize resources to implement SASE.
 - (iv) Implement, monitor and evaluate effectiveness of SASE.
 - (v) Develop a comprehensive pay policy.
 - (vi) Identify and implement fiscal measures for implementing the pay policy.
 - (vii) Mobilize resources for comprehensive pay policy.
 - (viii) Monitor and evaluate the implementation of the pay policy.
 - (ix) Develop a performance related pay structure.
 - (x) Design an Action Plan for the implementation of the performance related pay structure.

- **Performance Management.** This subcomponent is intended to (a) improve overall performance management in the Public Service in order to facilitate delivery of quality services; (b) institutionalize strategic and performance management in order to enhance performance in the public service; (c) re-engineer work processes in the Public Service in order to improve the work flow; (d) change the mind set in order to institutionalize a positive work culture in the Public Service; (e) design and implement tailor made training and retraining programs as well as a comprehensive career development structure in order to facilitate staff development and career progression in the Public Service; (f) develop and implement effective monitoring and evaluation systems in order to determine effectiveness and impact of Public Service delivery; and (g) prevent the spread and mitigate the effects of HIV/AIDS pandemic in order to minimize its impact on productivity in the Public Service.

- **Payroll Management and Establishment Control.** The objective of this subcomponent is to accurately account for public service staff so that establishment costs are accurate. Activities to be funded include the following:
 - (i) Decentralize the payroll data capture and processing to line ministries/institutions;
 - (ii) Development of infrastructure at least at provincial level for decentralization of the payroll and data capture, and integration with other systems such as IFMIS, pensions and insurance; and
 - (iii) Continuation of data cleaning of the payroll

- **PSM Secretariat.** The PSM Secretariat will be the primary mechanism for managing the linkages between the four vertical components. The secretariat will also be responsible for preparing all management and monitoring reports for the Joint Technical Working Group, the PSM Steering Committee (see the implementation arrangements), GRZ and development partners.

5. Financing

Source:	(\$m.)
BORROWER/RECIPIENT	0
INTERNATIONAL DEVELOPMENT ASSOCIATION	25
Total	25

6. Implementation

The PSMPSP is proposed as the Bank's contribution to a harmonized approach to public sector capacity building in Zambia in which the Bank is partnering through SWAp with other donors which fund the Public Sector Management Program (PSMP); the United Kingdom, European Union (EU), Germany, Norway, Denmark, Finland, Ireland, the Netherlands, Sweden and UNDP. The IMF Resident Mission has observer status. The Government of the Republic of Zambia (GRZ) has indicated that it prefers SWAp arrangements to individual donor project support and that it will use the contribution by the EU, paid as budget support, to fund its own contribution to the PEMFA component.

The decentralized institutional arrangements similar to those under of PSCAP will continue. The various implementation agencies will have responsibility for their own procurement decisions: selecting consultants, defining equipment needs, and preparing training plans. There will be two implementation and coordination units: one in the Ministry of Finance and National Planning for the PEMFA component and one in Cabinet Office for the PSM Component. Focus groups, referred to as PEMFA Steering Committee and PSM Steering Committee, will be established for each component to review issues and provide advice.

Implementing Agencies

PEMFA: – Ministry of Finance and National Planning, [the following departments - Accountant General's Department; Planning Department; Budget Office; Investment and Debt Department; Internal Audit and Control Section; Economic and Technical Cooperation Department]; Ministry of Justice, Office of the Auditor General; Parliament; Zambia National Tender Board (ZNTB) and Zambia Institute of Chartered Accountants (ZICA).

PSM: - Cabinet Office, [Public Service Management Division (PSMD) and Management Development Division (MDD)].

The chief executives of these agencies will take responsibility for the implementation of their parts of the project; each will, as in PSCAP, appoint task managers. Oversight and policy guidance will be provided by the PSRP Management Committee, a committee of ministers chaired by the Minister of Finance; and the PSRP Steering Committee, a committee of the chief executives, chaired by the Secretary to the Cabinet.

7. Sustainability

There are a number of factors that could impact sustainability of the PSMP Program both in terms of sustaining a continuation of the implementation of the program from year to year, as well as sustainability of the positive outcomes in the quality of public expenditure and public service management after the end of the reform program. They include:

1. **Macroeconomic Stability.** This may well be derailed if Zambia should fail to stay the course of its macroeconomic recovery and achieve growth that would lead to a lowering of dependency on external grants and loans. Not being able to contain HIV/AIDS would represent a major threat to the sustainability of both the implementation as well as the longer term quality of public expenditure and public service management in Zambia.

2. **Political Will.** Maintaining political will to support the PSMP reforms and a maintain a long term emphasis on the implementation of the identified activities. While political commitment for the PSMP reform program has been well demonstrated so far, the continuing commitment to a reform process which is demanding on both human and fiscal resources will present a serious challenge. Without a full commitment at the highest political levels there cannot be sustainability of the program. This issue is particularly important given that national elections will be held in 2006.
3. A proper transition of the PSMP subcomponents to mainstream public sector structures at the end of the program is crucial to ensure sustainability of the positive outcomes of the reform program. An effective transition needs to be characterized by the inclusion of recurrent costs into the national budget and the appropriate transfer of PEMFA and PSM management and reporting mechanisms to public service structures in order to sustain whatever gains may have been achieved.
4. **Organizational Capacity to Continue to Implement the Reforms.** Given the central role within the PSMP of the Ministry of Finance and National Planning (MoFNP) and Cabinet Office it is particularly important that the two institutions achieve and maintain organizational capacity to leverage the gains made under the program in financial management and public service reforms for continuing reforms identified by GRZ.
5. **Retention of Key Categories of Staff.** This will continue to pose a threat to the reform process both during the process of program implementation as well as after the program has ended. For example, IFMIS training will impart IT skills in very high demand outside of the public sector, which will remain a constant factor in attempting to retain IFMIS staff. Government will need to build on the pay reform and performance management initiatives within the PSMP-SP to implement effective staff retention strategies for key staff.

The PSMP is envisaged to last five years and will address public expenditure management reform and public service reforms in an accelerated comprehensive way. However, its successful completion will not be an end to public sector management reform in Zambia – it is anticipated that this will continue as a natural process of public sector development under evolving national policies. A smooth and careful transition will need to be effected between the PSMP management structures to the GRZ public sector structures and budget. The third phase of the APL is planned to institutionalize performance management and promote continuous improvements through the systems that would have been developed in the first and second phases. No separate institutional arrangements, such as program/project subcomponents separate from existing public sector structures, will be included in the third phase; rather support will be given to existing institutions and structures.

The structure of the secretariats is premised on them being temporary institutional arrangements. Upon the completion of the PSMP and the end to the comprehensive and integrated emphasis on reform, many of the functional roles will no longer be required and hopefully, as should be the case for procurement management, capacity will have been developed within the public sector to undertake these functions. However, there are key functions that if absorbed and taken over by the MoFNP and Cabinet Office will well serve sustained improvements in public sector management in Zambia.

These include:

- Maintaining the monitoring framework as a management tool;

- Maintaining, with the Ministry of Justice, the technical coordination of the reform of the legal and regulatory framework for public financial management, including changes anticipated to arise from constitutional amendments indicated by the Constitutional Review Commission ; and,
- Further strengthening policy coordination mechanisms and capacity through decreasing vertical separation and increasing horizontal integration especially among central ministries/agencies in relation to core public finance and human resource functions. .

8. Lessons Learned from Past Operations in the Country/Sector

- **Quality at Entry:** One of the key lessons of implementing the first phase is the need for adequate preparation on the part of Government, Focused on ensuring all the prerequisites to facilitate the timely implementation of project activities are in place. This should include: (i) having the Project Implementation Plan (PIP) prepared; (ii) having necessary staffing in place; and (iii) preparation of procurement procedures and financial management. With regard to this project the PIP, procurement and financial management procedures and guidelines have been developed. The terms of reference for the appropriate staffing of the implementation units have been developed and GRZ has commenced the recruitment processes.
- **Commitment and Ownership:** For any broad reforms to succeed there is need for one or more champions who should ordinarily be Chief Executives or Principal Secretaries. Under the first phase a number of interventions were implemented. For these interventions to be sustained, Principal Secretaries and Chief Executives were expected to personally champion the implementation of the activities. In the design of this phase, management of project implementation will be the responsibility of the steering committees that will be made up of senior officers within MoFNP and Cabinet Office. The steering committees will have members from institutions other than those implementing the activities. In the preparation of the two components GRZ has been involved and was fully involved in the appraisal of the components. GRZ set up Technical Working Groups, to which donors were invited to participate. These technical working groups consisted of the task managers from the government side and were responsible for preparing the project, responding to the joint appraisals carried out and preparing the work plans that will be funded.
- **Limited/Non implementation of consultancies:** Under PSCAP a number of consultancies were supported to assist Government ministries and institutions to come up with better ways of conducting their business. However, a number of beneficiary institutions viewed consultancy reports as ends in themselves and in some cases failed to implement recommendations from the consultancies. It is also possible that the consultancies were not viewed as a priority to the beneficiary institutions/ministries. The PSMP design has considered this implementation failure and has validated ownership of these outstanding recommendations through the various GRZ Technical Working Groups. The PSMP will therefore implement the outstanding recommendations made by the various consultancies undertaken during the first phase.
- **Procurement delays:** In the first phase a number of delays were experienced at various stages of the procurement process. These delays arose from, amongst other things:
 - delayed feedback from implementing agencies on their procurement requirements;
 - delayed clearance from either Zambia National Tender Board or World Bank;
 - delayed feedback from the Project Implementing Coordination Unit; and
 - delays by suppliers of goods and services due to various reasons including their misunderstanding of their clients' expectations.

To address these delays the procurement process has been streamlined by: - (i) clustering the activities so as to sign fewer contracts; (ii) decentralizing the procurement to the two components; and, (iii) outsourcing the procurement function and reviewing/harmonizing the procurement procedures and guidelines.

- **Financial Management and Disbursement:** The first phase of the project was implemented with limited accounting staff in the target ministries and agencies. In addition the financial management system that was acquired was not supported by adequate local technical backup services. This was despite management intervention and assurances from the supplier that the problems would be sorted out. Although disbursements were largely carried out with minimal problems, there was room for improvement. For instance the decentralization of disbursement arrangements could have allowed implementing institutions to disburse even faster and implement the activities in a timelier manner. Government has indicated that it will provide adequate accounting staff to support the project implementation units. The disbursement arrangements have been redesigned to minimize disbursement delays. As the funds will be pooled, it is envisaged that the donors will release funds on a six monthly basis to an account at the Bank of Zambia. Details of the disbursement arrangements are included in Annex 7.
- **Information, Education and Communication (IEC):** One of the most important lessons learnt for implementing a complex program involving public sector reforms is the need for an effective IEC strategy right from the start. A communication strategy has been designed for PSMP.
- **Counterpart Funding:** The first phase was negatively affected by Government's inability to provide counterpart funding as provided for in the Development Credit Agreement (DCA). This hampered the smooth implementation of planned project activities. This is why 100% expenditure eligibility is proposed for the Association's support to this project. Moreover, other donors supporting the public sector reforms and with whom IDA is pooling funds are not requesting counterpart funding.
- **Design:** The design of a complex program dealing with public sector reforms requires extensive consultations seeking to reach consensus with key players and stakeholders and especially strong ownership by government. Although substantial consultations were carried out during the design stage of phase one, a few shortcomings were realized during the implementation, which suggests that consultations could have been done more extensively. Extensive consultation through the GRZ Technical Working Groups was carried out during the preparation of this PSMP phase, which was a joint effort between government and the donors.
- **Effective Managing of Information and Communication Technology (ICT).** Global experience points to the shortcomings of technology driven institutional development efforts characterized by oversized and too complex ICT solutions, insufficient involvement of key operational units and inadequate staff training. Thus, in the implementation of the IFMIS and PMEC systems, the project: (i) stresses the policy reforms and institutional changes that the new ICT will support so that this subcomponent is policy driven not IT driven; (ii) emphasizes the need to design the ICT solutions realistically in line with the actual needs of the implementing ministries/agencies and the functional roles of the concerned operational units; and (iii) addresses change management needs through skills development and technical support from a central ICT team, linked to change management agents/teams in relevant ministries/agencies as key elements of successful ICT implementation.

- **Selecting Committed Partners:** When the first phase was being designed it was meant to be a multi-donor supported project. Consequently, the total budget for PSCAP I was estimated at US\$45 million. However, only IDA and DFID finally supported PSCAP with a total budget of USD38 million. This led to the spreading of the limited resources available from the two donors across all the planned project activities. This forced government to scale down the budgets for some activities that were planned, as well as dropping some activities. The current project components have been prepared in conjunction with other donors (though the Harmonization in Practice mechanisms plus the GRZ Technical Working Groups) and it has been agreed that financing of the components shall be done through a pooled arrangement which has been included in multi-donor MoU's for the two components, that have already been signed

9. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP/GP 4.01)	[]	[X]
Natural Habitats (OP/BP 4.04)	[]	[X]
Pest Management (OP 4.09)	[]	[X]
Cultural Property (OPN 11.03 , being revised as OP 4.11)	[]	[X]
Involuntary Resettlement (OP/BP 4.12)	[]	[X]
Indigenous Peoples (OD 4.20 , being revised as OP 4.10)	[]	[X]
Forests (OP/BP 4.36)	[]	[X]
Safety of Dams (OP/BP 4.37)	[]	[X]
Projects in Disputed Areas (OP/BP/GP 7.60)*	[]	[X]
Projects on International Waterways (OP/BP/GP 7.50)	[]	[X]

10. List of Factual Technical Documents

- PCN
- Joint Appraisal Reports - PEMFA and PSM
- TOR's of Joint Appraisals
- Minutes of discussions with GRZ
- GRZ reform priorities document
- Harmonization in Practice MoU and matrix
- PID
- Safeguards
- PSCAP PAD
- PSCAP Project Completion Report - GRZ (outstanding)
- PSCAP ICR – World Bank (due December 31, 2005)
- Peer Reviewers comments
- Minutes of PCN meeting

11. Contact point

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* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

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