



## BELARUS PUBLIC FINANCIAL MANAGEMENT MODERNIZATION PROJECT (P146997)

EUROPE AND CENTRAL ASIA | Belarus | Governance Global Practice |  
IBRD/IDA | Investment Project Financing | FY 2016 | Seq No: 11 | ARCHIVED on 28-Mar-2021 | ISR46034 |

Implementing Agencies: Ministry of Finance, MoF's IT Center

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

Bank Approval Date: 28-Mar-2016

Effectiveness Date: 27-Jul-2016

Planned Mid Term Review Date: 13-Jul-2018

Actual Mid-Term Review Date: 13-Jul-2018

Original Closing Date: 30-Sep-2019

Revised Closing Date: 30-Jul-2021

**Project Development Objectives**

Project Development Objective (from Project Appraisal Document)

To improve policy alignment of the budget, consolidate cash balances, improve budget transparency and lay foundations for implementation of an Integrated Financial Management Information System (FMIS)

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

No

**Components Table**

Name

Budget management regulations and procedures:(Cost \$3.06 M)

PFM IT solutions:(Cost \$5.73 M)

Change management:(Cost \$1.18 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 Unsatisfactory | <input type="checkbox"/> Moderately Unsatisfactory |
| Overall Risk Rating                  | <input type="checkbox"/> Moderate                  | <input type="checkbox"/> Moderate                  |

**Implementation Status and Key Decisions**

Project implementation progress remains steady and most of the key project ratings continue to be Moderately Satisfactory and above. To date, three out of four project development objectives (PDO) indicators ("Policy alignment of the budget", "Budget transparency", and "Consolidation of cash balances") have been fully achieved and exceeded. It is expected that the fourth indicator "Foundations for Financial Management Information System (FMIS)" will be partially achieved given the failure to contract the FMIS design consultant (which would have been responsible for development of bidding documents for the new system). However, the MoF confirmed its commitment to continue the gradual development of the new FMIS, using modular approach and their own resources. This would allow to partially achieve the above mention indicator.



To date, total commitments under the project reached US\$7.5 million and a total amount of US\$5.8 million (58% of a total approved amount of US\$10.0 million) has been disbursed in strict compliance with: (i) project development objectives (PDO); and (ii) the World Bank fiduciary framework, including financial management and procurement rules and procedures. It is expected that, by closing date (July 30, 2021), the project would disburse slightly above US\$9.0 million (around 90% of the loan), the remaining amount represents project savings generated throughout project's life.

The results achieved under Component 1 "Budget Management Regulations and Procedures" include: (i) launch of the public sector accounting (PSA) reform through development of: (a) Concept for modernization of the national PSA and reporting system; (b) initial plan for its implementation; (c) new Unified Chart of Accounts; and (d) drafts of the first five new national PSA standards, which, in turn, are aligned with the International Public Sector Accounting Standards (IPSAS); (ii) development of a Concept for Modernization of the Internal Financial Control and Audit in the Public Sector; (iii) procurement and implementation of the fiscal transparency portal that provides to general public access to the data and analytical reports on budget execution, which is also available via mobile devices and in English.

Under Component 2 "PFM IT Solutions" the results include: (i) procurement and installation of numerous IT solutions that allowed to: (a) strengthen sustainability, reliability, stability, and security of current MoF's information systems; (b) improve its ongoing operation; and (c) establish a new technological platform required for implementation of a new FMIS; (ii) procurement of software and hardware to enable remote work and business continuity during emergency situations, such as COVID-19 pandemic.

Component 3 "Change Management" enabled to strengthen the institutional capacity and infrastructure of MoF's Training Center, including: (i) classrooms' furniture; (ii) videoconferencing and simultaneous interpretation system; (iii) interactive boards; (iv) presentation projectors; (v) equipment for digital printing office; (vi) local area networks; (vii) desktop and portable computers; and (viii) air conditioning systems, among other. The modernized facilities of the Training Center allowed to improve the quality of the educational process and provide students with comfortable learning conditions.

Risks

Systematic Operations Risk-rating Tool

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

Results

PDO Indicators by Objectives / Outcomes

Improve policy alignment of the budget



| ► Improved alignment of policies and budgets (Percentage, Custom) |  |                   |                  |             |
|---|--|-------------------|------------------|-------------|
|   | Baseline   | Actual (Previous) | Actual (Current) | End Target  |
| Value   | 16.00  | 63.50             | 69.00            | 50.00       |
| Date  | 01-Jan-2015  | 30-Sep-2020       | 15-Mar-2021      | 30-Jul-2021 |
| Comments:   | The end target value has been achieved and exceeded, and is expected to be sustained by the project's closing date. The Government revised program budgeting methodology in 2016, which already resulted in a technical increase of the budget expenditures covered by programs in 2017, reaching 61 percent of consolidated budget expenditures. In 2018 this share constituted 59.9 percent, and 63 percent in 2019. In 2020 following the approval of the state program for Public Finance Management and Financial Market Regulation the share of budget expenditures covered by programs reached 69 percent of the consolidated budget. |                   |                  |             |

| Consolidate cash balances   |   |                   |                  |             |
|---|---|-------------------|------------------|-------------|
| ► Increase the level of consolidation of cash balances (by reducing balances outside of TSA) (Percentage, Custom) |   |                   |                  |             |
|   | Baseline  | Actual (Previous) | Actual (Current) | End Target  |
| Value   | 11.00   | 6.90              | 6.03             | 7.00        |
| Date  | 31-Dec-2014   | 30-Sep-2020       | 15-Mar-2021      | 30-Jul-2021 |
| Comments:   | The end target value has been achieved and exceeded, and is expected to be sustained by the project's closing date. The adopted mechanism of consolidation of public funds on TSA involves inclusion in the annual budget laws of the lists of organizations and accounts to be transferred to TSA during the respective year. The actual share of extrabudgetary spending managed outside the TSA decreased by October 1, 2020 to 6.03 percent of the republican budget expenditures. Data for the CY20 will be available in March 2021. |                   |                  |             |

| Improve budget transparency                   |  |   |   |  |
|---|--|---|---|--|
| ► Improved budget transparency (Text, Custom) |  |   |   |  |
|   | Baseline                               | Actual (Previous)   | Actual (Current)  | End Target   |
| Value   | Citizens budget has not been prepared. | Since 2017, citizens budgets have been developed and published on the MoF's webpage, including dis-aggregated information on the approved budget. Oblast level subnational governments started publishing their versions of citizens budgets in 2018. Information on financial and results indicators of state programs was included in the citizens budget for 2020. | Citizens' budgets (approved budgets) are published online on the MoF's webpage starting with the 2018 budget and include disaggregated information on the approved budget. Information on financial and results indicators of the state programs was also included in the citizens' budget for 2020. Fiscal data portal went live in January 2018 | Citizens budget is published online on annual basis and includes information on budget execution disaggregated at the level of approved budget; information on medium term financial program; and analysis of links between financing and results. Citizens' questions and feedback are published on the website along with responses of the MoF |



|           |  |             |  |                                |
|-----------|--|-------------|--|--------------------------------|
|           |  |             | providing general public with access to interactive fiscal data on budget execution. Exceeding the requirements of the indicator, the MoF produces and publishes quarterly bulletins on the execution of the consolidated budget, as well as republican and local budgets. English and smartphones/tablets versions of the fiscal data portal are available. | to frequently asked questions. |
| Date      | 31-Dec-2015  | 30-Sep-2020 | 15-Mar-2021  | 30-Jul-2021                    |
| Comments: | <p>Achieved and expected to be sustained by the Project's closing date. The fiscal data portal went live in January 2018 providing the general public with access to interactive fiscal data on budget execution. Exceeding the requirements of the indicator, the MoF produces and publishes quarterly bulletins on the execution of the consolidated budget, as well as republican and local budgets. English and smartphones / tablets versions of the fiscal data portal are also available. Information on the performance of individual state programs is published by the line ministries, consolidated information is available on the Ministry of Economy's website (implemented without support from the Project).</p> |             |  |                                |

|  |   |   |  |   |
|--|---|---|--|---|
| Lay foundations for implementation of FMIS |   |   |  |   |
| ► Foundations for FMIS (Text, Custom)      |   |   |  |   |
|  | Baseline  | Actual (Previous)   | Actual (Current)   | End Target  |
| Value                                      | Future business processes to be supported by IFMIS are not fully defined. | The tender for the FMIS design consultancy has been cancelled as per the PIU's request. The PIU and MoF confirmed their commitment to continue working toward laying foundations for the new FMIS, using mainly their own resources and individual consultants to be financed by the project. | The tender for the FMIS design consultancy has been cancelled in September 2020 as per the PIU's request. The PIU and MoF confirmed their commitment to continue working toward laying down foundations for the new FMIS, using mainly their own resources and individual consultants to be financed by the project. Hence, the bidding documents, considered in the original end target of this indicator, will not be required anymore. It is expected that by project closing, the indicator is partially | Bidding documents for FMIS are prepared based on approved revised business processes and Unified Chart of Accounts and cover the following functionality including planning, execution, financial control, accounting and reporting, debt management. |



|           |  |             |   |             |
|-----------|--|-------------|---|-------------|
|           |  |             | achieved, taking into consideration the following: (i) the new Unified Chart of Accounts has been already developed and approved; (ii) business processes for some of the relevant modules of the new system are revised; (ii) key technical specifications for the first module(s) of the new system are prepared. |             |
| Date      | 31-Dec-2015  | 30-Sep-2020 | 15-Mar-2021   | 30-Jul-2021 |
| Comments: | Progress towards achievement of this indicator will be closely monitored by the Bank team. |             |   |             |

**Intermediate Results Indicators by Components**

|   |  |  |  |  |
|---|--|--|--|--|
| Budget management regulations and procedures                              |  |  |  |  |
| ▶ Conceptual framework for public sector accounting reform (Text, Custom) |  |  |  |  |
|   | Baseline   | Actual (Previous)  | Actual (Current)   | End Target   |
| Value   | Public sector accounting reform is defined as a priority in PFM Strategy, but the reform direction is not defined. | The MoF prepared the drafts of the first five public sector accounting standards, which are being reviewed and commented by the consulting firm to ensure their compliance with IPSAS. | Public sector accounting (PSA) reform implementation has been launched by: (i) approval by the Government in February 2019 of the concept for modernization of national PSA and reporting system and the initial plan for its implementation; (ii) the drafts of the first five new national PSA standards, aligned with the International Public Sector Accounting Standards (IPSAS), were developed. | Public sector accounting reform implementation launched by finalizing development of first 3-4 accounting standards compliant with IPSAS |
| Date  | 31-Dec-2015  | 30-Sep-2020  | 15-Mar-2021  | 30-Jul-2021  |
| Comments:   | On track to be achieved.   |  |  |  |
| ▶ Program budgeting methodology (Text, Custom)                            |  |  |  |  |
|   | Baseline   | Actual (Previous)  | Actual (Current)   | End Target   |



|           |   |  |   |  |
|-----------|---|--|---|--|
| Value     | Program budgeting methodology does not clearly link objectives and resources. | Work on revising the methodology is ongoing. | Selected amendments to the current methodology for development, financing, and execution of state programs were prepared by the MoE independently of the Project and were expected to be approved in 2020 (pending). Further improvements of the program budgeting methodology are expected to be introduced in the new cycle of state programs covering CY21-25. | Program budgeting methodology is approved, allows looking at different social dimensions, including gender, in selected relevant programs. |
| Date      | 31-Dec-2015   | 30-Sep-2020                                  | 15-Mar-2021   | 30-Jul-2021  |
| Comments: | Partial achievement is expected.  |  |   |  |

|  |  |  |  |  |
|--|--|--|--|--|
| <b>PFM IT solutions</b>  |  |  |  |  |
| ► Integration of budget and financial reporting based on international standards (Text, Custom) (Text, Custom) |  |  |  |  |
|  | Baseline   | Actual (Previous)  | Actual (Current)   | End Target   |
| Value  | Methodological basis for public sector financial and budget reporting has not been integrated and deviates from applicable international standards.  | The Unified Chart of Accounts (UCoA) and the methodology for its piloting were approved by Order of the MoF N392 dated November 29, 2019.  | The Unified Chart of Accounts (UCoA) and the methodology for its piloting were approved by Order of the MoF N392 dated November 29, 2019.                                    | Unified Chart of Accounts integrated with the budget classification and guidelines for its application are approved. |
| Date   | 31-Dec-2015  | 30-Sep-2020  | 15-Mar-2021  | 30-Jul-2021  |
| Comments:  | Achieved. The approved UCoA informed the requirements for the public sector accounting IT solution that is expected to be developed during 2020 to pilot the UCoA in 2021 in several spending units. |  |  |  |
| ► Modernization of business processes (Text, Custom)   |  |  |  |  |
|  | Baseline   | Actual (Previous)  | Actual (Current)   | End Target   |
| Value  | Future business processes to be supported by FMIS are not fully defined.   | The tender for the FMIS design consultancy, which was the key activity for this indicator, has been cancelled as per the PIU's request. The PIU and MoF confirmed their commitment to continue working toward laying | Following the cancelation of the FMIS design consultancy in September 2020, the MoF and the IT Center confirmed their commitment to continue with gradual development of the | Revised business processes approved  |



|   |   |   |   |  |
|---|---|---|---|--|
|   |   | foundations for the new FMIS using their own resources.   | new system, using their own resources and a modular approach. It is expected that by project closing, the MoF would be able to develop the revised business processes for some of the relevant modules of the new system.   |  |
| Date  | 31-Dec-2015   | 30-Sep-2020   | 15-Mar-2021   | 30-Jul-2021  |
| Comments:   | Partial achievement is expected.  |   |   |  |
| <b>► Reliability and fault tolerance of the ASFS (Text, Custom)</b> |   |   |   |  |
|   | Baseline  | Actual (Previous)   | Actual (Current)  | End Target   |
| Value   | The ASFS at the republican level operates at two geographically distant sites. There is no full-fledged backup system; there is a high probability of data loss in the event of an accident. Domain and postal structures of the ASFS are scattered. The IT infrastructure at the Oblast level is outdated. It is not possible to deploy a fault-tolerant cluster (FTC) allowing for control of computing resources using the new equipment | Contract for the acquisition of the Active-active hardware-software signed on May 5, 2020. Contract for acquisition of the virtualization infrastructure management software (licenses) signed on August 13, 2020. Implementation of the contracts is ongoing. The results will only be seen after the new ICT equipment is installed and functional. | The implementation of virtualization infrastructure management software and Active-active hardware and software have been completed in November and December 2020 respectively. It is expected that by the closing date:<br>1. A geographically distributed cluster (hereinafter referred to as the Cluster) has been built in the central office of the MoF, operating in the "Active-Active" mode;<br>2. Conditions are created to ensure the ASFS operation with a high level of fault tolerance and reliability, with an even distribution of the ASFS load, at the republican level. | A uniform distribution of the load on the ASFS and efficient data processing and backup through "Active-Active" geographically distributed cluster. Modern IT infrastructure with server virtualization software and virtualization management centers is established at the republican and oblast levels (12 sites) including virtual machines control center and capabilities to deploy a fault-tolerant cluster (FTC) |
| Date  | 27-May-2019   | 30-Sep-2020   | 15-Mar-2021   | 30-Jul-2021  |
| Comments:   | On track to be achieved.  |   |   |  |
| <b>► ASFS centralized storage capacity (Text, Custom)</b>           |   |   |   |  |
|   | Baseline  | Actual (Previous)   | Actual (Current)  | End Target   |
| Value   | There is no centralized storage of the ASFS databases for planning  | Bidding process for the portable data storage system was launched on  | The contract for portable DSS was signed in December  | Centralized storage of databases of MoF territorial bodies and   |



|           |  |   |  |   |
|-----------|--|---|--|---|
|           | and execution of local budgets. It is not possible to operate the ASFS segment in emergency (abnormal) mode using the backup equipment | September 28, 2020. The results will only be seen after the new IT equipment is procured, installed and functional. | 2020, and it is expected that the hardware is commissioned by mid April 2021. It is also expected that by the closing date:<br>1. This high-speed and highly reliable data storage system ensures the safety of databases and the operability of the main ASFS modules in the event of a failure of any part of the current ASFS soft- or hardware infrastructure.<br>2. Collection and centralized storage of databases of MoF's territorial and local financial bodies is organized after the data storage system is commissioned. | local finance bodies at MoF is ensured through high-speed and reliable data storage system. The capability to operate the ASFS in emergency (abnormal) mode using the backup equipment is ensured |
| Date      | 27-May-2019  | 30-Sep-2020   | 15-Mar-2021  | 30-Jul-2021   |
| Comments: | On track to be achieved.   |   |  |   |

**Performance-Based Conditions**

**Data on Financial Performance**

**Disbursements (by loan)**

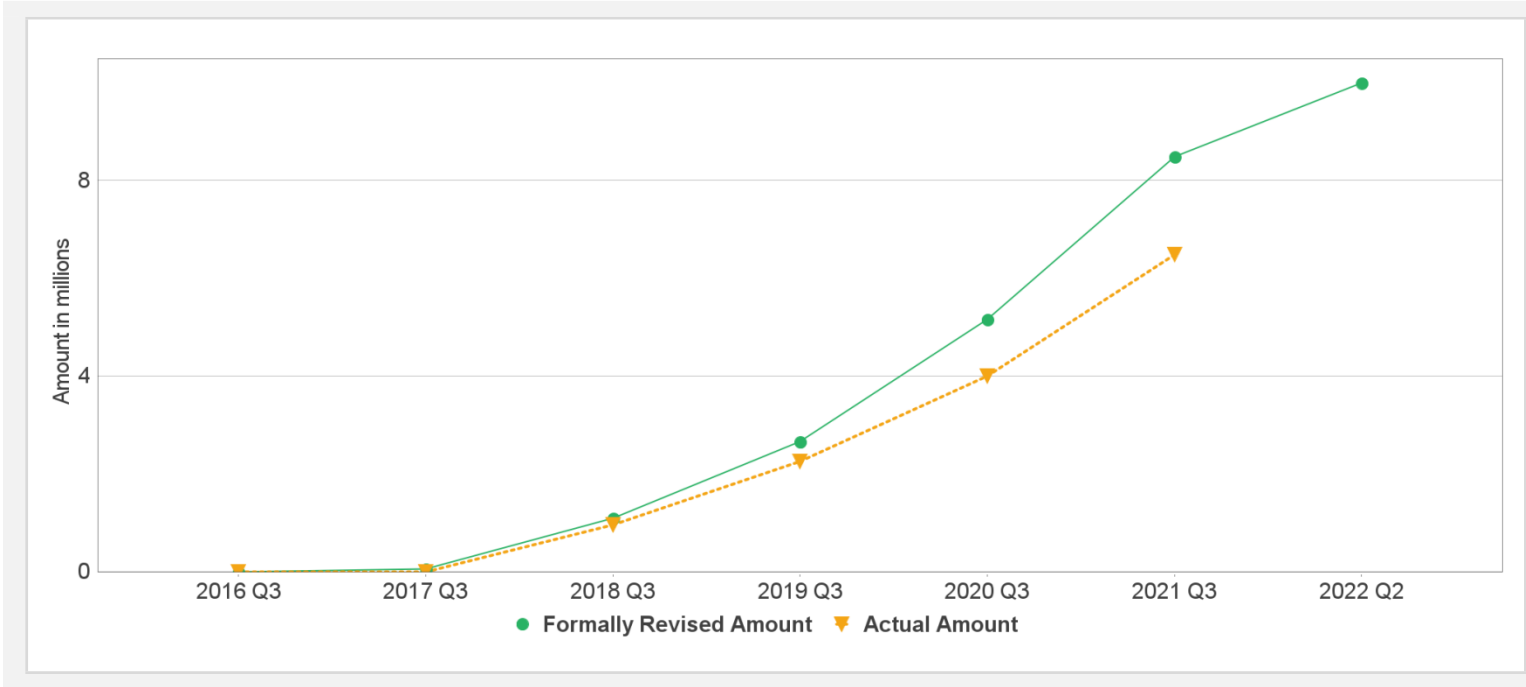
| Project | Loan/Credit/TF | Status    | Currency | Original | Revised | Cancelled | Disbursed | Undisbursed | % Disbursed |
|---------|----------------|-----------|----------|----------|---------|-----------|-----------|-------------|-------------|
| P146997 | IBRD-86060     | Effective | USD      | 10.00    | 10.00   | 0.00      | 6.52      | 3.48        | 65%         |

**Key Dates (by loan)**

| Project | Loan/Credit/TF | Status    | Approval Date | Signing Date | Effectiveness Date | Orig. Closing Date | Rev. Closing Date |
|---------|----------------|-----------|---------------|--------------|--------------------|--------------------|-------------------|
| P146997 | IBRD-86060     | Effective | 28-Mar-2016   | 01-Apr-2016  | 27-Jul-2016        | 30-Sep-2019        | 30-Jul-2021       |

**Cumulative Disbursements**





**PBC Disbursement**

| PBC ID | PBC Type | Description | Coc | PBC Amount | Achievement Status | Disbursed amount in Coc | Disbursement % for PBC |
|--------|----------|-------------|-----|------------|--------------------|-------------------------|------------------------|
|        |          |             |     |            |                    |                         |                        |

**Restructuring History**

Level 2 Approved on 19-Jul-2019

**Related Project(s)**

There are no related projects.