



Public Financial Management Reforms for Institutional Strengthening (P165000)

AFRICA WEST | Liberia | Governance Global Practice |
IBRD/IDA | Investment Project Financing | FY 2020 | Seq No: 4 | ARCHIVED on 29-Apr-2021 | ISR46179 |

Implementing Agencies: Ministry of Finance and Development Planning, Republic of Liberia

Key Dates

Key Project Dates

Bank Approval Date: 16-Jul-2019

Effectiveness Date: 01-Aug-2017

Planned Mid Term Review Date: 30-Sep-2021

Actual Mid-Term Review Date:

Original Closing Date: 31-Oct-2024

Revised Closing Date: 31-Oct-2024

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The project development objective (PDO) is to improve domestic revenue mobilization systems, and strengthen financial control and accountability in public finances.

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

No

Components Table

Name

- 1: Enhancing DRM Sources and Systems:(Cost \$8.00 M)
- 2: Stabilizing and Strengthening Performance of Financial Controls and Systems:(Cost \$6.70 M)
- 3: Improving Public-Sector Capacity for Enhanced Oversight and Accountability:(Cost \$2.62 M)
- 4: Improving Upstream and Downstream PFM Systems in Selected Sectors:(Cost \$4.30 M)
- 5: Project Management:(Cost \$1.88 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"/> Satisfactory	<input type="checkbox"/> Moderately Satisfactory
Overall Risk Rating	<input type="checkbox"/> Substantial	<input type="checkbox"/> Substantial

Implementation Status and Key Decisions

The Public Financial Management Reforms for Institutional Strengthening Project (PFMRISP) was approved by the World Bank's Board of Directors on July 16, 2019 and became effective in September 2019. The disbursements ratio currently stands at 61% IDA and 74% Trust Funds (TF).

Progress towards achievement of the overall Project Development Objective (PDO) and Implementation progress (IP) to date is rated as **Satisfactory** and **Moderately Satisfactory** respectively .



During the period under review, important milestones were reached, while several others got interrupted by the outbreak of COVID 19. However, some significant progress was made as follows:

Component 1: Enhancing Domestic Revenue Mobilization Sources and Systems

- **Procurement of a firm to design, build and implement the Integrated Tax Administration System (ITAS) was concluded and rightsized to fit the existing budget.** The team commended government for concluding the procurement and signing the contract to deliver the ITAS. Due to budget constraints, government contracted an ITAS package of USD 5.6 million, omitting support and maintenance costs worth USD 3.3 million dollars. LRA using their own internally generated funds will be meeting the cost of maintenances. The Liberia Revenue Authority (LRA) has also issued appointment letters for staff to fill various positions in the ITAS implementation governance structures. Information technology (IT) related hardware and accessories were procured and delivered to LRA to support SIGTAS and subsequently the new ITAS implementation. Going forward, the mission urged LRA to pay keen interest to implementation challenges and ensure contract management does not dilute the contractual rights available to LRA in the existing ITAS contract. ITAS implementation will take 24 months and will be in two phases.
- **Technical Assistance to support preparations for the VAT Implementation has commenced.** In line with earlier mission recommendations the project signed a contract with consultants who will support government to validate the draft White Paper, draft VAT law and VAT implementation strategy. Government has also hired an Economic Governance Consultant (EGC) to support implementation and rollout of the VAT reform beyond Ministry of Finance and Liberia Revenue Authority.

Component 2: Stabilizing and Strengthening Performance of Financial Controls and Systems. related equipment.

- **Integrated Financial Management Information System (IFMIS) Connectivity:** There is need for IFMIS to have a dedicated connectivity to increase speed and availability. It was agreed in the mission that the project will explore options to contract a service provider for connectivity
- **Electronic Funds Transfer (EFT):** The mission was happy to note the progress made to date in the implementation of the EFT following the awarding of the contract to INLAKS, although there was a delay in implementation due to various reasons as the EFT was supposed to have been concluded by January 2021. The project has reviewed and validated, the EFT technical and functional requirements with CBL, LRA, FreeBalance, INLAKS (solution provider) and other key stakeholders, prepared the justification for acquiring a BBAN validation application to support the implementation of EFT and tested the MFDP/CBL fiber connectivity to confirm readiness for EFT implementation. The EFT is expected to go live by June 30, 2021.

Component 3: Improving Public-Sector Capacity for Enhanced Oversight and Accountability

- The GoL signed a contract to migrate payroll data from the legacy payroll system to the Civil Service Module (CSM) of IFMIS in December 2020. Following upon that, series of meetings were held with the IT provider team on issues relating to dual currency, currency split and decimal points. It was reported that all the issues were resolved. The government team provided data on 67,389 employees for migration. After verification, the IT provider reported that 219 employees did not have gender specified in the data. The IT provider will do a live demonstration of the CSM. After the demonstration, a user acceptance test (UAT) will be conducted. It was discussed and agreed that the government team would prepare a timeline on the outstanding activities till data is fully migrated to the CSM.

Component 4: Improving Upstream and Downstream PFM Systems in Selected Sectors

- **Disbursement Linked Indicators (DLIs):** Performance-based interventions that tackle some of the core PFM aspects around downstream PFM problems within health and education sectors took place as planned in and agreed to during the project preparation. After the September mission the team noted the progress made as follows,
 - Independent Verification Report (IVA) report was prepared and reviewed by the two Ministries (MoH and MoE) and other stakeholders. The report was issued and cleared by the World Bank and establishing eligibility for the use of \$750,000 from the project funds.
 - DLI 1 – A review of the MoH system for submission of quarterly financial reports from the county facilities and County Health Teams (CHT) showed that reports have been submitted from the aforementioned county levels to the Office of Financial Management (OFM) at the MoH. However, confirmation from the MFDP showed that quarterly financial reports were not



submitted timely by the OFM to the MFDP per the verification protocols of the DLI. Hence, the IVA could not corroborate the number of reports received from county levels with the MFDP figures. Because this finding undermines the achievement of the result target foreseen under this indicator, the World Bank will withhold the disbursement of US\$250,000 to the MoH.

- o DLI 2 – Results met all the agreed protocols with respect to the participation of units within the MoH in the planning and budgeting processes during the period under consideration. The World Bank will therefore release of US\$250,000 to the MoH per the provisions of the Financing Agreement.
- o DLI 3 – Results verified met all the agreed protocols with respect to the development and existence of a Human Resources (HR) database with twelve (12) critical fields. The IVA noted that the database was populated within existing data consistent with the result target foreseen in the Financing Agreement for this indicator. The World Bank will therefore release US\$250,000 to MoE per the provisions of the Financing Agreement.
- o DLI 4 – Documents verified by the IVA proved that an Inter-Ministerial Coordination Committee (IMCC) was established and approved by the Liberian Cabinet, and that monthly meetings of the Committee were held, and decisions taken documented. The IVA also verified that actions were taken on decisions reached during the Committee’s meetings. The World Bank will therefore release US\$250,000 to the MoE per the provisions of the Financing Agreement.

Risks

Systematic Operations Risk-rating Tool

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

Results

PDO Indicators by Objectives / Outcomes



1: Improved online on time filing for large and medium taxpayers

► ITAS Online, on time, large and medium taxpayer filing ratio for income tax, excise tax , and Goods and Services Tax (GST) (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	55.00
Date	29-Nov-2018	24-Sep-2020	08-Apr-2021	21-Oct-2024

Comments: The 'on-time filing rate' is the number of declarations filed by the statutory due date as a percentage of the total number of declarations expected from registered taxpayers, i.e. expressed as a ratio: Average of the (Number of on time PAYE, Excise and GST Returns filed by due date divided by number of expected declarations/returns from registered PAYE, Excise and GST) X 100). 'On-time' filing means declarations (also known as 'returns') filed by the statutory due date for filing (plus any 'days of grace' applied by the tax administration as a matter of administrative policy. 'Expected declarations' means the number of Large/Medium taxpayer PAYE, Excise and GST declarations that the tax administration expected to receive from registered CIT taxpayers that were required by law to file declarations. The Value percentage remains 0, which is in line with the M&E plan, the percentage is expected to increase to 20% in October 2022

2: Increased use of IFMIS in PFM and implementation of e-Procurement

► MACs submitting to CAG quarterly financial statements using IFMIS data in a timely fashion (within 15 working days from end of quarter) (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	25.00	25.00	28.00	107.00
Date	18-Apr-2018	24-Sep-2020	08-Apr-2021	21-Oct-2024

3: Improved timeliness in review of audited reports of Government accounts

► Frequency of PAC follow-up through GAC on implementation of annual performance audit observations and recommendations (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	10.00
Date	29-Nov-2018	24-Sep-2020	08-Apr-2021	20-Oct-2024

Overall Comments

On outcome 1 the Value percentage remains 0, which is in line with the M&E plan, the percentage is expected to increase to 20% in October 2022.

On outcome 2, although there is an increase by 3 on the Financial Statements submission this is below the planned submission which was suppose to be 35 by this time

On outcome 3, the follow up of audit recommendation is not being fully implemented as there are discussions currently on which institution should be responsible for that (PAC/GAC/IAA)



Intermediate Results Indicators by Components

1: Enhancing Domestic Revenue Mobilization Sources and Systems				
▶ 1: Online ITAS Filing Services available (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	29-Nov-2018	24-Sep-2020	08-Apr-2021	20-Oct-2024
Comments:	The Value percentage remains 0, which is in line with the M&E plan, the percentage is expected to increase to 20% in October 2022.			
2: Stabilizing and Strengthening Performance of Financial Controls and Systems				
▶ 2: IFMIS launched in 35 additional MACs (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	72.00	50.00	72.00	107.00
Date	18-Apr-2018	24-Sep-2020	08-Apr-2021	20-Oct-2024
Comments:	3 out of 6 MACs piloted by the EDMS are currently using the system to process payments. Government plans to run IFMIS Budget Module parallel with legacy system-Budget Management System			
□ Number of MACs using the civil service module (CSM) (Number, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	29.00
▶ 3: Intermediate Indicator 3: e-Procurement modernization roadmap developed (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	10-Jan-2019	24-Sep-2020	08-Apr-2021	20-Oct-2024
Comments:	The roadmap is expected in October 2021			
▶ E-procurement system functional in Ministries of Finance, Health and Education (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No e-procurement system functional in the MFDP, MOE and MOH	No e-procurement system functional in the MFDP, MOE and MOH	No e-procurement system functional in the MFDP, MOE and MOH	E-procurement system functional in the MFDP, MOE and MOH



			MOH yet however, preparation of the review the Public Procurement and Concessions Act is at an advanced stage	
Date	10-Jan-2019	24-Sep-2020	08-Apr-2021	20-Oct-2024

3: Improving Public-Sector Capacity for Enhanced Oversight and Accountability

►4: Number of MACs and government policies/programs subject to Performance Audit (Number) (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1.00	6.00	6.00	7.00
Date	18-Apr-2018	17-Sep-2020	08-Apr-2021	20-Oct-2024
Comments:	The number of performance Audits have exceed the planned target for the period under implementation by 2			

►5: Number of citizens and CSO representatives that participate in annual budget discussions and are updated on the implementation of the year prior's citizen recommendations to budget (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	79.00	102.00	350.00
Date	18-Apr-2018	17-Sep-2020	08-Apr-2021	21-Oct-2024

☐Citizen participating in annual budget discussions proportion of which is female (Percentage, Custom Supplement)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	13.00	18.00	50.00

☐Citizens participating in annual budget discussions, proportion of which are from outside of Monrovia (Percentage, Custom Supplement)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	10.00	17.00	40.00

4: Improving Upstream and Downstream PFM Systems in Selected Sectors

►DLI1: Increase the percentage of (a) County Facility Level and (b) County Health Team Levels submission of financial reports to MoH within ten (10) working days of the end of each quarter (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	7%, 10%	7%,10%	7%,10%	94%, 90%
Date	15-Apr-2019	24-Sep-2020	08-Apr-2021	30-Jun-2023



Comments:	<p>Percentage of MoH departments and units that submit their quarterly financial reports at the a) county (facility) and b) CHT levels in a timely manner. 'Timely' means within ten working days of the end of the quarter.</p> <p>The submission from County level and county Health team was slowed down due to the slow implementation of the system thank links MoH and counties during COVID, this is expected to improve and by the time of Mid Term Review the project should have reached the mark.</p>			
<p>► DLI2 - Increase in percentage of MoH units that are Participating in Planning and Budgeting Processes (Percentage, Custom, PBC)</p>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	9.00	9.00	24.00	75.00
Date	19-Dec-2018	24-Sep-2020	08-Apr-2021	30-Jun-2023
Comments:	Number of MoH departments and units participating in planning and budgeting processes			
<p>► DLI3: MoE HR Database checked and reconciled through verification of HR personnel records at the public schools (Text, Custom, PBC)</p>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	MoE HR Database has not been checked and reconciled through verification of HR personnel records at the public schools.	MoE does not have consolidated view of its HR. Existing MoE data inconsistent, not reconciled with actual data on the ground	Examination and analysis of the database by IVA revealed that the MoE is making progress in aspect to the development and existence of a HR database with twelve (12) critical fields. The IVA noted that the database was populated with existing data consistent with the result	At least 75 (cumulative) of the public schools have been checked to vet personnel data
Date	15-Apr-2019	24-Sep-2020	09-Apr-2021	30-Jun-2023
Comments:	Existence and integrity of MoE personnel database, as per data from schools			
<p>► DLI4 - Improved Personnel Management of the education sector to improve teachers monitoring (Text, Custom, PBC)</p>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No automated reconciliation between HR databases for MoE; CSA and the respective public schools.	No Automated Reconciliation between HR database for MOE CSA and the respective Public schools	Personnel Database with twelve (12) critical fields and populated using existing data was achieved for Year One.	Conduct an analysis of at least 100 percent of teachers' payroll data in public schools and publish the consolidated results of the analysis on annual basis.
Date	19-Dec-2018	24-Sep-2020	08-Apr-2021	30-Jun-2023
Comments:	Development of quarterly payroll data analyses			



Performance-Based Conditions

►PBC 1 DLI1: Increase the percentage of (a) County and (b) County Health Team level financial reports to MOH within ten (10) working days of the end of each quarter (Text, Outcome, 1,000,000.00, 0.00%)

	Baseline	Actual (Previous)	Actual (Current)	June 30, 2023
Value	7%, 10%	24%,32%	24%,32%	94%, 90%
Date	--	24-Sep-2020	08-Apr-2021	--

►PBC 2 DLI2 - Increase in percentage of MoH units that are Participating in Planning and Budgeting Processes (Percentage, Intermediate Outcome, 1,000,000.00, 0.00%)

	Baseline	Actual (Previous)	Actual (Current)	June 30, 2023
Value	9.00	9.00	24.00	--
Date	--	24-Sep-2020	08-Apr-2021	--

►PBC 3 DLI3: MoE HR Database checked and reconciled through verification of HR personnel records at the public schools (Text, Outcome, 1,000,000.00, 0.00%)

	Baseline	Actual (Previous)	Actual (Current)	June 30, 2023
Value	MoE HR Database has not been checked and reconciled through verification of HR personnel records at the public schools.	MoE does not have consolidated view of its HR. Existing MoE data inconsistent, not reconciled with actual data on the ground	Development and existence of a Human Resources (HR) database with twelve (12) critical fields was concluded	--
Date	--	24-Sep-2020	09-Apr-2021	--

►PBC 4 DLI4 - Improved Personnel Management of the education sector to improve teachers monitoring (Text, Intermediate Outcome, 1,000,000.00, 0.00%)

	Baseline	Actual (Previous)	Actual (Current)	June 30, 2023
Value	No automated reconciliation between HR databases for MoE; CSA	No Automated Reconciliation between HR database for MOE	Inter-Ministerial Coordination Committee (IMCC) was established	--



	and the respective public schools.	CSA and the respective Public schools	and approved by the Liberian Cabinet	
Date	--	24-Sep-2020	08-Apr-2021	--

Data on Financial Performance

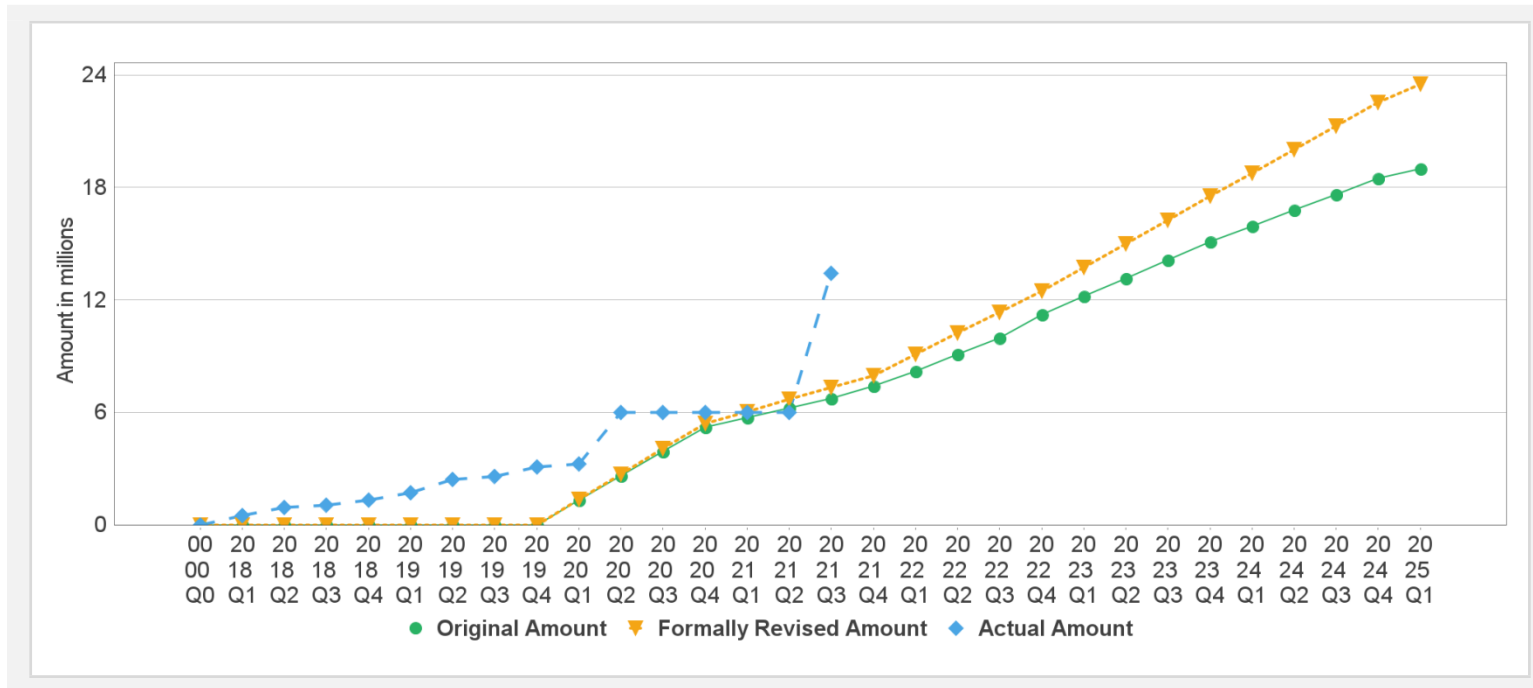
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P165000	IDA-D5060	Effective	USD	19.00	19.00	0.00	11.95	7.69	61%
P165000	IDA-V1080	Closed	USD	3.86	0.00	3.86	0.00	0.00	0%
P165000	TF-B3178	Effective	USD	1.99	1.99	0.00	1.48	0.51	74%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P165000	IDA-D5060	Effective	16-Jul-2019	28-Aug-2019	15-Sep-2019	31-Oct-2024	31-Oct-2024
P165000	IDA-V1080	Closed	26-Jul-2017	01-Aug-2017	01-Aug-2017	01-May-2018	31-Oct-2019
P165000	TF-B3178	Effective	11-Aug-2020	04-Sep-2020	04-Sep-2020	31-Oct-2024	31-Oct-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)

P172654-AF - Liberia: Public Financial Management Reforms for Institutional Strengthening ,P176779-PUBLIC FINANCIAL MANAGEMENT REFORMS FOR INSTITUTIONAL STRENGTHENING PROJECT
