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PROGRAM APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF US\$25.2 MILLION

TO THE

REPUBLIC OF INDIA

FOR

CHHATTISGARH PUBLIC FINANCIAL MANAGEMENT AND ACCOUNTABILITY PROGRAM

JANUARY 29, 2019

Governance Global Practice
South Asia Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective September 30, 2018)

Currency Unit = Indian Rupees (INR)

US\$1 = Rs. 69.62

Re 1 = 0.01 US\$

GOVERNMENT FISCAL YEAR

April 1 - March 31

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ABBREVIATIONS AND ACRONYMS

AG	Accountant General
ATS	Accounts Training School
BAFO	Best and Final Offer
CAG	Comptroller and Auditor General of India
CHiPS	Chhattisgarh Infotech Promotions Society
CPS	Contributory Pension Scheme
CSC	Common Service Centers
CSS	Centrally Sponsored Schemes
CTD	Commercial Tax Department
DBT	Direct Benefit Transfer
DEF	Data Exchange Framework
DIF	Directorate of Institutional Finance
DLI	Disbursement Link Indicator
DoAT	Directorate of Accounts and Treasury
DPR	Detailed Program Report
EITD	Electronic and Information Technology Department
e-Kosh	online core treasury system
ESSA	Environmental and social Systems Assessment
F & C	Fraud and Corruption
FD	Finance Department
FM	Financial Management
FRBM	Fiscal Responsibility and Budget Management
FRS	Functional Requirement Specification
FSA	Fiduciary Systems Assessment
GeM	Government E Marketplace
GoCG	Government of Chhattisgarh
GoI	Government of India
GRM	Grievance Redressal Mechanism
GSDP	Gross State Domestic Product
GST	Goods and Service Tax
GSTN	Goods and Services Tax Network
IBRD	International Bank for Reconstruction and Development
IFMIS	Integrated Financial Management Information System
IRR	Internal Rate of Return
IT	Information Technology
IVA	Independent Verification Agent
LFAD	Local Fund Audit Directorate
LWE	Left Wing Extremism
M & E	Monitoring and Evaluation
MAS	Model Accounting System
MIS	Management Information System
MTR	Mid Term Review
NPV	Net Present Value
PAP	Program Action Plan

PC	Program Coordinator
PDO	Program Development Objective
PFM	Public Financial Management
PFMS	Public Financial Management System
PforR	Program for results
PHED	Public Health Engineering Department
PIM	Public Investment Management
PMU	Program Management Department
PPRD	Panchayat and Rural Development Department
PSC	Project Steering Committee
PWD	Public Works Department
RES	Rural Engineering Services
RFP	Request for Proposal
SCD	Systematic Country Diagnostic
SORT	Systematic Operations Risk-Rating Tool
SRS	System Requirement Specification
SUDA	State Urban Development Agency
TMP	Trigger Management Platform
ToR	Terms of Reference
UAD	Urban Administration Department
ULB	Urban Local Bodies
VAT	Value Added Tax

INDIA
CHHATTISGARH PUBLIC FINANCIAL MANAGEMENT AND ACCOUNTABILITY PROGRAM

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BASIC INFORMATION

Is this a regionally tagged program?

No

Financing Instrument

Program-for-Results Financing

Bank/IFC Collaboration

No

Does this operation have an IPF component?

No

Proposed Program Development Objective(s)

The objective of the program is to: improve accountability in the management of public finances; strengthen revenue administration; and improve efficiency in delivery of benefits in selected schemes, in the state of Chhattisgarh.

Organizations

Borrower: Republic of India

Implementing Agency: Finance Department, Government of Chhattisgarh

COST & FINANCING

SUMMARY (USD Millions)

Government program Cost	58.00
Total Operation Cost	36.00
Total Program Cost	35.94
Other Costs	0.06
Total Financing	36.00
Financing Gap	0.00

Financing (USD Millions)

Counterpart Funding	10.80
Borrower	10.80
International Bank for Reconstruction and Development (IBRD)	25.20

Expected Disbursements (USD Millions)

Fiscal Year	2019	2020	2021	2022	2023	2024
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Absolute	2.41	2.31	6.59	5.47	5.53	2.89
Cumulative	2.41	4.72	11.31	16.78	22.31	25.20

INSTITUTIONAL DATA

Practice Area (Lead)

Governance

Contributing Practice Areas

Social Protection & Labor

Climate Change and Disaster Screening

Yes

Private Capital Mobilized

No

Gender Tag

Does the program plan to undertake any of the following?

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF

Yes

b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment

Yes

c. Include Indicators in results framework to monitor outcomes from actions identified in (b)

Yes

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category

Rating

1. Political and Governance

● Moderate

2. Macroeconomic	● Low
3. Sector Strategies and Policies	● Moderate
4. Technical Design of Project or Program	● Moderate
5. Institutional Capacity for Implementation and Sustainability	● Moderate
6. Fiduciary Fiduciary rating from IRT: ● Moderate as of 07-Sep-2018	● Moderate
7. Environment and Social Environmental Risk rating from Specialist: ● Low as of 16-Apr-2018 Social Risk rating from Specialist: ● Moderate as of 16-Apr-2018	● Low
Comments (required if default rating has been modified) From the environmental perspective, with respect to program expenditures related to IT equipment (which supports data exchange platform and similar systems) will necessitate preparation of a plan to manage and finally dispose the electronic wastes as per the national regulation on electronic wastes. Moreover, even though the construction of a new Apex Training Institute and the modernization of the existing two training institutes is not part of the program expenditure, these activities are linked investments to the program. Overall, the environmental risk is, therefore, low.	
8. Stakeholders	● Moderate
9. Other	● Low
10. Overall	● Moderate

COMPLIANCE

Policy

Does the program depart from the CPF in content or in other significant respects?

Yes No

Does the program require any waivers of Bank policies?

Yes No

Safeguard Policies Triggered

Safeguard Policies	Yes	No
Projects on International Waterways OP/BP 7.50		✓
Projects in Disputed Areas OP/BP 7.60		✓

Legal Covenants

Sections and Description

Program Institutions: The Borrower shall cause Chhattisgarh to maintain, throughout the period of implementation of the Program (a) a Program Steering Committee with a mandate and composition agreed with the Bank; (b) a state Program Management Unit within the Directorate of Institutional Finance, with functions, resources agreed with the Bank; and (c) a state Fiscal Cell within the Finance Department, with functions, resources agreed with the Bank.

Sections and Description

Mid-term Review: The Borrower, together with Chhattisgarh shall jointly with the Bank carry out one (1) mid-term review of the Program to assess the status of the Program Implementation, as measured against the indicators and results framework agreed with the Bank and the legal covenants included/referred to in the Loan Agreement and/or the Program Agreement, and shall incorporate the findings of such review into the Program design for the subsequent years and take all such measures necessary for the efficient completion of the Program based on the recommendations of the review and the Bank's views on the matter.

Sections and Description

DLI Verification: By no later than 3 (three) months after the Effective Date: (a) hire, and thereafter maintain throughout Program implementation, an Independent Verification Agency (IVA) to verify the fulfillment of the Disbursement Linked Results in accordance with terms of reference agreed with the Bank; (b) Undertake, at least annually, in view of the submission of a withdrawal application, a verification process, in accordance with the terms of reference agreed with the Bank, to certify the fulfillment of the DLRs; and (c) furnish to the Bank corresponding verification report(s), in form and substance agreed with the Bank.

Sections and Description

Advance: The Borrower may withdraw an amount not to exceed two million Dollars (\$ 2,000,000) as an advance; provided, however, that if the DLRs in the opinion of the Bank, [is/are] not achieved (or only partially achieved) by the Closing Date, the Borrower shall refund such advance to the Bank promptly upon notice thereof by the Bank. Except as otherwise agreed with the Borrower, the Bank shall cancel the amount so refunded. Any further withdrawals requested as an advance under any Category shall be permitted only on such terms and conditions as the Bank shall specify by notice to the Borrower.

Conditions

TASK TEAM

Bank Staff

Name	Role	Specialization	Unit
Manvinder Mamak	Team Leader(ADM Responsible)	Governance - Financial Management	GGOIS
John D. Blomquist	Team Leader		GSP06
Papia Bhatacharji	Team Leader	Governance - Financial Management	GGOIS
Satyanarayan Panda	Procurement Specialist(ADM Responsible)	Procurement	GGOPZ
Supriti Dua	Financial Management Specialist(ADM Responsible)		GGOIS
Sangeeta Kumari	Social Specialist(ADM Responsible)		GSU06
Siddharth Padmanabh Merchant	Environmental Specialist(ADM Responsible)		GEN06
Amrish Shahi	Team Member	Social Protection	GSP06
Farah Zahir	Team Member	Senior Economist	GGOIS
Mohan Nagarajan	Team Member	Governance - Public Sector	GGOIS
Sonia Bhambri	Team Member		SACIN
Victor Manuel Ordonez Conde	Team Member		WFACS
Vidya Venugopal	Counsel		LEGES

Extended Team

Name	Title	Organization	Location
Abhishek Pruthi	Consultant, Financial Management	World Bank	India
Ranjan B. Verma	Social Development Consultant	World Bank	India

I. STRATEGIC CONTEXT

A. Country Context DLI 2:

- 1. India is among the world's fastest growing economies and has made remarkable progress in poverty reduction and human development.** Wide-ranging and ongoing macroeconomic, fiscal, tax and business environment reforms have enabled rapid growth. Already the third largest economy in the world in purchasing parity terms, the country is expected to grow at over 7 percent a year in coming years. Over the past thirty years, per capita incomes quadrupled, poverty retreated, illiteracy rates dropped, and health-related statistics improved. India's extreme poverty rate halved from 46 percent to 21 percent in the two decades up to 2011.
- 2. While growth in India has been impressive, it needs to be equally shared; India faces social, institutional and policy challenges.** To meet the development goals, India needs to adapt its institutions to improve public sector performance and deliver services effectively to its citizens. Improvements in service delivery require improvements in accountability, efficiency, and effectiveness along the chain from inputs to outcomes.
- 3. Competition between states is part of a new dynamic to incentivize change, using funding to hold states accountable for progress based upon their own priorities.** India has a federal, three-tier structure of Government comprising the national or Union level; states; and districts. The fiscal relationship between the Union and the States is reflected in revenue sharing, devolution of central taxes and assistance in the form of grants. Recent policy level changes at the Union level, have increased the share of Union resources devolved to the states, reduced the share of resources through tied transfers under Centrally Sponsored Schemes (CSS) and introduced a Goods and Service Tax (GST) that is expected to contribute to growth in state revenues. In the medium term, increases in untied resources are expected to result in states managing nearly 60 percent of total public expenditure. The move toward increased expenditure flexibility for states presents both an opportunity and challenge. The opportunity lies in the greater freedom to align local development needs and priorities with the resources available. The challenge lies in the development of robust public financial management systems that can allocate and deliver resources in line with policy priorities.

B. Sectoral (or Multi-Sectoral) and Institutional Context

- 4. Although rich in mineral resources, Chhattisgarh has a high poverty rate.** Chhattisgarh was carved out of southern-eastern parts of Madhya Pradesh on November 1, 2000. Chhattisgarh is home to 26 million people, based on the 2011 Census, 10 million of whom are poor. Chhattisgarh lags in economic growth and falls short of the national average on many development indicators including health, secondary education, water and sanitation and connectivity. State GDP per capita is INR 58,547 as compared with an all India per capita of INR 74,920. The growth rate of Gross State Domestic Product (GSDP) during 2015-16 was 6.4 per cent against the Fourteenth Finance Commission projection of 14.42 per cent. The poverty rate hovers at 48 percent: 18 percentage points higher than the national average. 92 percent of households belong to scheduled castes, scheduled tribes and other backward classes. The 31 percent of the population belonging to scheduled tribes live mostly in or on the periphery of the forests. 10 of Chhattisgarh's 27 districts are afflicted with Left Wing Extremism according to the Ministry of Home Affairs. Chhattisgarh has limited options for raising revenues with 44 percent of its land area under forest cover yielding little revenue and a majority of Chhattisgarh's population depending on farming for a living.
- 5. Chhattisgarh registered significant growth in budgetary resources over the last decade and has been largely compliant with fiscal responsibility targets as laid down in the Chhattisgarh Fiscal Responsibility and Budget Management (FRBM) Act.** The total resources – own revenues, loans, transfers and advances from Gol – increased by eighty percent in the five-year period 2011-2016. State revenue

receipts contributed approximately 50 percent of total resources, with the remaining 50 percent coming from Union Government. Total expenditure increased by about 85 percent over the same five-year period. Mandatory expenditures – Salary and Wages, Pension and Interest payments – account for about 37 percent of total expenditure in FY15-16. After generating revenue surplus for ten successive years, the state ended up with revenue deficits in FY13-14 and FY 14-15, but again shifted to a position of revenue surplus during FY15-16 and FY16-17. The overall fiscal deficit in FY16-17 amounted to 1.82 percent of GSDP, well within the limit of 3.5 percent under FRBM Act.

6. **With more untied funds available, Chhattisgarh’s priority now is to improve the efficiency and effectiveness of expenditure, stepping up investments in growth-enabling infrastructure and the social sectors.** This calls for strengthening the systems of planning, revenue administration, expenditure management and reporting on the use of public funds for informed decision-making coupled with enhanced accountability and transparency.

7. **Chhattisgarh’s PFM systems face several challenges in achieving these goals, many of which are common to other Indian States.** Budget credibility is affected by adjustments in the budget during the year through supplementary grants and to accommodate deficiencies in revenue projections. Budgetary processes have not internalized medium term fiscal planning and focus on performance management. The chart of accounts and budget classification is not aligned with GFS standards and does not generate the information needed to align expenditures with policy goals. Budgets are structured around institutions and focus on outlays rather than policy objectives, outputs and outcomes. The budget is managed on a cash basis and there are no effective commitment controls. The recording of cash balances, debt and guarantees has improved but there remain significant deficiencies. Expenditures spike during the last quarter of the financial year. The surrender of unspent amounts, ‘savings’, from various grants to the Finance Ministry and excess expenditures are not regularized. These deviations indicate inadequate program management and internal control through the year. Supplementary provisions obtained during the year often prove unnecessary as the actual expenditure is less than the original provision. Persistent savings in grants over the years is indicative of over assessment of funding requirements. State Procurement Rules date back to 2002 and do not cover procurement of services. There is no Integrated Financial Management Information System (IFMIS). Multiple stand-alone systems like e-Kosh, E-procurement, E-works with little interface, do not lend support to timely and prudent decision-making. The State lacks a unified Dynamic Beneficiary Registry platform for delivery of benefits to beneficiaries.

8. **On the revenue side, GOCG’s priorities are to fulfill the requirements under the new GST regime and expand the State’s own-source revenues.** GoCG will undertake a functional re-organization of the Tax Department and put in place a structured Management Information System to support tax administration and economic policy decisions. State tax systems rely on voluntary compliance and self-assessment. Tax audits are rare and of uneven quality, rarely identifying tax evasion. Taxation of services is an entirely new area for state tax administrations. Chhattisgarh had open borders even before the introduction of GST and suffered from tax evasion because of an inadequate tax audit program. Chhattisgarh lacks organized business analytics capabilities for ensuring effective tax compliance and audit functions. A strong risk-based GST audit program supported by business analytics and complemented by a longer-term availability of MIS from GSTN would minimize tax compliance risk.

9. **Human resource capacity represents a challenge across all PFM functions in Chhattisgarh.** Significant human resource capacity constraints in PFM and lack of exposure to modern PFM practices hinder efficient planning, execution and monitoring of public funds. Constraints are particularly acute in more complex analytical functions but also in more areas such as budgeting and internal control.

10. **Recognizing these challenges, the GoCG has identified PFM strengthening and modernization as a reform priority using IT as the key driver.** The State Government has already taken initiative in this area by rolling out an online core treasury system (e-Kosh), electronic interfaces of the core Treasury system with HRMIS or e-Karmchari, GoI's Public Financial Management System (PFMS) for Central Schemes and Goods and Services Tax Network (GSTN) for GST integration, and implementation of the e-procurement system. The Bank engaged with the state through a Non-Lending Technical Assistance from FY13-15 in strengthening the capacity of the Commercial Tax Department and the Internal Audit Cell housed in the Finance Department. GoCG wants to further extend its PFM reform initiatives and has sought support from the World Bank in strengthening expenditure management including direct benefit transfers, tax administration systems and building capacity of its human resources and institutions handling management of public finances.

C. Relationship to the CAS/CPF and Rationale for Use of Instrument

11. **The proposed program is consistent with the Bank's Country Partnership Framework (CPF), 2018-22, (Report No. 126667-IN) endorsed by the Board on September 20, 2018.** The CPF focusses on strengthening public sector institutions sustaining a focus across WBG activities on tightening the chain from inputs to outcomes in service delivery through improved systems, performance incentives, and coordination mechanisms. The proposed Program will address this broader goal laid down by the CPF by strengthening, public financial management (PFM) systems and institutions, procurement systems and improving efficiency in delivery of benefits in selected schemes in the state of Chhattisgarh. The Program will also facilitate cross-learning from PFM reforms undertaken by other Indian States as well as global experiences, which is consistent with the Lighthouse India initiative that the CPF envisages to support.

12. **This is the first Bank-financed State-level project in Chhattisgarh, in nearly a decade.** The last State-level project, the Chhattisgarh District Rural Poverty Project, closed in 2010. Since then, the Bank's engagement with the State has primarily been through national level programs implemented at the State level. GoCG's request for the proposed project provides an opportunity to renew its engagement with the Bank and open opportunities for interventions in other sectors. GoCG sees the Bank as a valued partner leveraging knowledge from the Bank's global experience and the three ongoing subnational PFM projects in India

13. **The Bank has a strong and ongoing PFM engagement with Union and state governments that has been nurtured over the last decade.** The Bank's engagement with the Union and state governments span reforms in various elements of PFM, such as budget, information systems, cash management, audit and financial reporting. This builds on a foundation of strong operational knowledge of PFM systems and their links to service delivery gained from experience in Bank-financed projects; diagnostics including PEFA assessments at the union level and states and State Financial Accountability Assessments; and studies of PFM in centrally sponsored schemes, power sector and local governments. Both Union and state governments see the World Bank as a strategic partner supporting PFM reforms, contributing knowledge on globally-accepted good practices and experience in the implementation of complex institutional reforms. This program builds on the Bank's experience in the design of operations supporting PFM reforms in Himachal Pradesh, Assam and Rajasthan.

II. PROGRAM DESCRIPTION

A. Government Program

14. **GoCG recognizes that improved development outcomes and value for money require strengthened PFM institutions, improvements in allocative efficiency of public expenditures, and a**

stronger accountability and control framework. The GoCG's PFM reform program was approved by the Empowered Committee on September 10, 2018, in the context of the proposed financial support from the World Bank. Reforms are also supported by Government Orders approving program activities. The GoCG program encompasses reforms in four broad areas: strengthening core financial management systems and services; strengthening revenue administration; strengthening financial management of local bodies; and improving efficiency in delivery of benefits of Central and State Schemes. The broad areas of reform and achievements in each of these areas are outlined below.

Strengthening core financial management systems and services.

15. **Modernization of State Treasuries.** In 2004, GoCG launched e-Kosh as a system to automate treasury activities, budget allocation, bill preparation, submission and centralized processing. Other modules including receipts, payroll, pension and e-payments have been added over time. A fully online e-Kosh "Cyber Treasury" was launched on April 1, 2017. The system facilitates e-budget allocation and distribution, e-bill preparation and submission by all 5,157 DDOs across 28 Treasuries and 40 sub Treasuries and centralized bill processing and accounting. GoCG now intends to transition e-Kosh into an Integrated Financial Management Information System (IFMIS) to enable access to timely, comprehensive financial information to decision-makers in the Government system. This will strengthen financial control at all levels of management and help inform decision making during budget preparation and budget execution.

16. **Strengthening Procurement framework and scaling-up e-procurement.** GoCG rolled out upgraded e-procurement software to 62 Line departments in 2016. Today 40 departments actively use the system to process all contracts above INR 5 lakhs. The total value of transactions processed through the e-procurement system exceeds INR 625 billion. Efforts are underway to expand the use of e-procurement and improve transparency in the procurement process. GoCG intends to strengthen the regulatory framework by developing rules for procurement of services, develop standard bidding documents, and introduce new-age procurement models in goods and works procurement.

17. **Strengthening PFM Training and Capacity Building.** GoCG recognizes the need for investment in capacity building of its human resources both in the Finance Department and other line departments on various aspects of PFM and Public Procurement. However, the State does not have the institutional set-up and infrastructure needed to train its large pool of staff. Two Accounts Training Schools (ATS) presently provide basic training to clerical cadre of the line departments, local bodies and autonomous bodies, primarily in book-keeping and civil accounts. These ATSs were set up decades ago and have not been modernized. GoCG intends to consolidate and enhance the delivery capabilities of its training institutions with emphasis on delivery through structured e-learning courses. GoCG will scale up training for lower, middle and higher-level functions, including the strengthening of analytical capabilities of staff that are critical in the context of a data rich environment.

Strengthening Financial Management of Local Bodies

18. **Urban Local Bodies.** Urban Local Bodies (ULB) maintain their accounts using off the shelf accounting software. GoCG has engaged the services of accountants to computerize ULBs accounts, conduct of internal audits and provide advice to State Urban Development Authority on accounting and auditing matters. GoCG has engaged a software firm to develop an enterprise-based e-governance system for ULBs which will include modules for works contract, payroll, property tax, SLWM and building permission. Roll out of this software and operationalization of a State level dashboard will enhance transparency and accountability of ULB performance.

19. **Rural Local Bodies.** GOI lays down conditions regarding the timely submission of accounts and increases in own-source revenues for Rural Local Bodies to access performance grants. At present,

panchayats in Chhattisgarh do not have capacity to make accounting entries and so GoCG, through Chhattisgarh Infotech Promotions Society (CHIPS), has contracted Common Service Centers (CSCs), to make the requisite accounting entries. However, there is a huge backlog in closing monthly Panchayats' books: as of 30-Aug-2018, only 369/10,966 Village Panchayats had closed monthly cash books up to 30-Jun-2018. GoCG is also concerned about the accuracy of data entered in the software, because CSC staff are data entry operators and have not been trained in accounting principles. Learning from the experience with CSCs, the P&RD wants to explore various technical support options to help Panchayats update accounting entries in model accounting software.

20. **Back-log of audit of Local Bodies:** Currently there are substantial audit back-logs for Rural and Urban Local Bodies. By a notification dated May 1, 2018, the Chhattisgarh State Legislature has formed a Local Body and Panchayat Raj Accounts Committee, to scrutinize Annual Consolidated Audit Reports of Urban and Rural Local Bodies after they are laid before the Legislature. Having strengthened the regulatory framework, GoCG now wants to strengthen the institutional capacity of the Directorate of Local Fund Audit (LFAD) to fulfill its mandate and reduce the backlog of audits of local bodies.

Strengthening Revenue Administration

21. **Strengthening Property Tax Administration.** The Urban Administration and Development Department has digitized property records in the state by creating base GIS maps using satellite remote sensing data followed up by confirmatory physical property survey. Property surveys and GIS maps have been completed in 10 Municipal Corporations covering 572,586 properties in the property registers of 9 ULBs. Property tax collection has been outsourced in three municipal corporations in Bilai, Durg and Bilaspur over the last two years. With these initiatives, Raipur has experienced 90 percent increase in property tax assessment between 2015-16 and 2017-18 while other cities experienced increases of 25 to 30 percent. GoCG now intends to scale up these initiatives by undertaking house surveys and GIS mapping in 157 urban local bodies.

22. **Strengthening the Commercial Tax Department.** The shift to the Goods and Services Tax (GST) system poses multiple challenges to Chhattisgarh. While there are close to 1,30,000 registered dealers in Chhattisgarh, 36,000 of these have turnover of less than Rs.2.0 crore and so pay a flat tax on turnover. The integration of heavy manufacturing tax into the GST regime requires an expansion of the GST tax base to smaller dealers and the services sector to process input tax credit claims. GoCG intends to increase the GST dealers/taxpayer registrations, improve tax return filing performance and accelerate processing of tax refunds to make the system client friendly. These measures will be accompanied by a tax outreach effort through tax facilitators and media campaign. Chhattisgarh is a Model 2 state under the GST and uses the system developed by GSTN for administering GST. The Department wants to modernize its field office IT infrastructure to be compliant with the requirements of India's GST Network.

Improving Efficiency in delivery of benefits of Central and State Schemes

23. **Direct Benefit Transfer Portal.** The Government of India issued directives for implementation of Direct Benefit Transfer (DBT) under all Centrally Sponsored Schemes by June 2016. Based on the directive, GoCG established a DBT cell to focus on reforms for ensuring effective public service delivery through accurate identification of beneficiaries coupled with reduced benefits delivery time. GoCG has developed a DBT portal to monitor fund flow. However, the DBT portal is rudimentary. GoCG intends to enhance the DBT portal functionalities and features including but not limited to automation, real-time data exchanges and improved analytics.

24. **Dynamic Beneficiary Registry.** GoCG has initiated efforts in the direction of building centralized beneficiary management system commonly referred as Dynamic Beneficiary Registry and Data Exchange

Platform. It has appointed CHiPS as the nodal body to design and develop Data Exchange Framework (DEF) and Dynamic Beneficiary Registry platforms. In this regard, CHiPS has prepared a Detailed Project Report (DPR) and has issued the Request for Proposal (RFP). To support the initiatives of DEF and Dynamic Beneficiary Registry, GoCG has formulated a legal framework in the form of State Aadhaar Act, and the proposed act has been tabled in legislative assembly for approval.

B. PforR Program Scope

25. **Rationale for choice of PforR instrument.** GoCG and GOI have sought Bank support for GoCG PFM reform program which builds on on-going initiatives. The Bank’s value added comes from its technical advisory and implementation support for the most challenging reforms. The PforR instrument allows the authorities to focus on results and implementation challenges. The PforR uses the very PFM systems that the Program seeks to strengthen. Use of these systems reduces transaction costs for the client during preparation and implementation, contributing to efficiency, effectiveness, ownership and sustainability of the reforms.

26. **PforR Program.** The cost of the Government Reform Program is USD 58 Million which includes the PforR operation. The cost of the PforR Operation is US\$36 million out of which the World Bank will finance US\$25.2 million, representing 70 percent of the Program cost. The remaining 30 percent will be financed by GoCG. GoCG has opened a budget line for the PFM Reform Program for FY18-19 through to completion. Details of the Program Expenditure Framework are provided in the Technical Assessment (Annex 3). The duration of the operation will be five years from FY 2018-19 to FY 2023-24. This provides adequate time for implementation of reforms, allows progression in the results and ensures that the Bank’s implementation support is available through to the point when reforms should have been institutionalized.

Program Financing (USD Million)

Source	Amount	%
Counterpart Funding	10.80	30.00
International Bank for Reconstruction and Development [IBRD]	25.20	70.00
Total Program Financing	36.00	

27. **PforR Scope.** The PforR will support a sub-set of the activities under the GoCG PFM reform program, focusing on those elements of the program that are most technically and institutionally challenging, where the Bank can draw on international experience and lessons learned from other Indian states. The main activities programmed under the PforR operation are outlined below.

Results Area 1: Strengthening Core Financial Management Systems and Services

28. **Transition of e-Kosh into an Integrated Financial Management Information System (IFMIS).** The PforR will support the following activities: roll out of IFMIS in the five works departments namely Public Works, Public Health Engineering, Water Resources, Forest and Rural Engineering Services Departments, which are currently outside the ambit of e-Kosh and transact through cheques; development of interfaces with stand-alone e-Procurement and e-Works systems and with the Reserve Bank of India’s e-Kuber to facilitate smooth handling of receipts and payments and move to an environment of minimal or no reconciliations; roll out of modules for commitment control and budget preparation; server to server integration with the AG’s accounting system to allow seamless and paperless transfer of data; upgrading

existing hardware and software platforms and enhancement of security features; and improvements in the disclosure of monthly budget execution including public access to reports in user-friendly formats.

29. **Adoption of new PFM practices.** The PforR will support GoCG efforts to adopt modern PFM practices that will contribute to improvements in resource allocation and strengthen the control framework. The PforR will support expenditure planning by developing a macro-fiscal model and a framework for public investment management. GoCG will carry out a Public Expenditure and Financial Accountability (PEFA) assessment which will help the state benchmark its performance against global standards and develop a reform action plan.

30. **Updating PFM Rules and Codes.** The PforR will support updating of the Treasury Manual and the State Financial Code to bring them into line with changes in business processes, use of IT systems and the introduction of new PFM practices.

31. **PFM training and capacity building.** The PforR will support preparation of a Training Strategy through a Needs Assessment study, considering current capacity and future capability requirements. Based on the Strategy, the PforR will support development of standard curriculum in different thematic and functional areas of PFM including Public Procurement, enhancements in training infrastructure (library, teaching aids, IT enabled learning systems, twinning arrangements with national/State level training Institutions) and the completion of training and certification of at least 3,000 government staff. GoCG will explore the feasibility of delivering training through e-learning modules and scale it up, if found sustainable.

Results Area 2: Strengthening Financial Management of Local Bodies

32. **Rural Local Bodies.** The PforR will support pilots in outsourcing of accounting services in 10,972 village panchayats in Chhattisgarh to achieve closure of monthly books within 45 days of the last calendar quarter.

33. **Urban Local Bodies.** The PforR will support the roll out of the Finance Budget and Accounting Management Module of the ERP solution across 168 ULBs along with a dashboard at the State level which will help in monitoring ULB performance, enhancing accountability and transparency.

34. **Local Fund Audit Directorate.** The PforR will support LFAD to reduce the back log of audits of ULBs, PRIs and autonomous bodies through institutional reforms, including: strengthening of the LFA functions through risk-based approach and risk-based audit pilots; updating of the LFAD Rules and Audit Manuals; a training needs assessment and development of suitable training course curriculum and material for upgrading skills of the LFAD staff.

Results Area 3: Strengthening Revenue Administration

35. **Institutional strengthening of CTD.** The PforR will support institutional strengthening of the CTD through: improvements in the design of tax audit systems; staff training to improve tax administration capabilities; staff redeployment to assign more resources to tax audit and taxpayer facilitation; and investments in taxpayer communication and creation of helpdesks, particularly for smaller taxpayers. The department will strengthen its tax audit capabilities and create a data analytics system that will strengthen taxpayer compliance, assist the audit function, analyze revenue trends and forecasts. The PforR will also support modernization of CTD's field IT infrastructure, replacing end of life computers and network equipment to be compliant with the requirement of the GSTN.

36. **Enhancing Property Tax.** The PforR will complete preparation of base GIS maps in 47 urban local bodies (3 Municipal Corporations and 44 Municipal Councils) to increase property tax collection by these urban local bodies.

Results Area 4: Improving Efficiency in delivery of benefits in selected Schemes

37. **Dynamic Beneficiary Registry and DBT compliance in five State Schemes.** The PforR will support digitization of five selected schemes using a Common Application Framework and integrate each of the schemes in the Dynamic Beneficiary Registry and Data Exchange Framework. The PforR will enhance existing policy planning tool referred as SANKALP for identification of beneficiaries and scoping of schemes to allow for accurate identification and delivery of benefits in a timely manner. The selected schemes are: Merit Scholarship [Department of Technical Education]; Samajik Suraksha Pension Scheme [Department of Social Welfare]; Post-Matric Scholarship Scheme for OBC students [Tribal Department]; Bhagini Prasooti Sahayata Yojana [Labor Department]; and Navnihaal Chhatravritti Yojana [Labor Department].

C. Program Development Objective(s) (PDO) and PDO Level Results Indicators

38. The objective of the Program is to: improve accountability in the management of public finances; strengthen revenue administration; and improve efficiency in the delivery of benefits in selected schemes, in the state of Chhattisgarh.

39. The PDO level Results Indicators are:

- Complete and timely State financial reports made available in public domain
- Reduction in backlog of audits of local bodies
- Increase in property tax collected in selected urban local bodies
- Increase in number of GST registered taxpayers
- Universal use of DBT for validated baseline of beneficiaries in selected schemes

D. Disbursement Linked Indicators and Verification Protocols

40. **Disbursement of funds will be linked to nine Disbursement Linked Indicators.** The DLIs (Annex 2) have been formulated in consultation with the GoCG, considering the need to signal critical actions in the achievement of the PDO; the need for a financial incentive to achieve the intended result; practical considerations of verifying achievement; and GoCG's capacity to achieve the results in the Program implementation period. The DLIs are:

- **DLI # 1: Complete and timely State financial reports available in public domain (US\$4,942,000).** Measured by: completion of the "As is" and Functional Requirement Specification Reports (FRS) of IFMIS; development and operationalization of Interface between e-Kosh, e-procurement and e-works and e-Kuber; Payments made through the treasury system (IFMIS) in five works departments; operationalization of interface between IIFMIS and AG's software, approval of the policy and guidelines on 'commitment control and piloting it in two departments.
- **DLI # 2: Implementation of Public Investment Management Framework (US\$1,000,000).** Measured by: PIM assessment completed; development and approval of new PIM Framework; and appraisal of at least 10 percent of all capital investment programs in two departments, conducted using the new PIM Framework approved by GoCG.
- **DLI # 3: Strengthened Medium Term Fiscal Framework (US\$1,000,000).** Measured by: Macro-fiscal model developed under a Medium Term Fiscal Framework (MTFF) for forecasting of long-term macro-economic and fiscal indicators. User manual and training curriculum on the model prepared and forecasts generated using the MTFF model for one financial year.

- **DLI # 4: Reduction in backlog of audits of local bodies (US\$1,330,000):** Measured by: approval of a roadmap for Institutional Strengthening of LFAD including strategy to reduce backlog of audits; training of technical staff in risk-based audit methodology and completion of 6 pilot audits; number of units in which audit backlogs are cleared up to financial year not earlier than the preceding two financial years.
- **DLI # 5: Strengthening Public Financial Management Capacity in Village Panchayats (US\$1,150,000):** Measured by: percentage of GPs that have closed monthly cash books on PRIASoft within 45 days of the end of the last calendar quarter.
- **DLI # 6: Strengthening Public Financial Management Capacity in Urban Local Bodies (US\$1,255,000):** Measured by: Roll out of Finance Budget and Accounting Management Module of e-governance application across 168 ULBs.
- **DLI # 7: Increase in property tax collected in selected urban local bodies (US\$2,460,000).** Measured by: initiation of property survey and creation of GIS maps in selected 47 ULBs; and percentage increase over baseline in property tax collection in selected ULBs.
- **DLI # 8: Increase in the number of GST registered taxpayers (US\$2,000,000).** Measured by: percentage of increase over baseline in number of registered tax payers.
- **DLI # 9: Universal use of DBT for validated baseline of beneficiaries in selected schemes (US\$10,000,000).** Measured by: deployment of Policy Planning Tool; notification of Data Sharing and Consent Framework Policy & Guidelines; roll-out of Dynamic Beneficiary Registry and Data Exchange Platform; number of state schemes digitized and integrated with Dynamic Beneficiary Registry and Data Exchange Platform; and percentage of validated baseline of beneficiaries receiving benefits through DBT mechanism.

41. **GoCG will report on the achievement of DLIs using GoCG’s reporting systems.** The DLI achievements, as required by the verification protocol, will be verified by an Independent Verification Agent (IVA) to be hired by the GoCG. Within three months of the end of each year, the Finance Department will present evidence of achievement of the DLI to the IVA. The data source for DLI achievement verification and the procedure for verification are given in Annex 2. Upon completion of the annual verification exercise, the IVA will submit a verification report to GoCG. The verification report will accompany disbursement requests by the GoCG to the Bank.

III. PROGRAM IMPLEMENTATION

A. Institutional and Implementation Arrangements

42. **Overall management and coordination of Program activities will be the responsibility of the Finance Department.** The Director, Directorate of Institutional Finance, has been designated as the Program Coordinator (PC).

43. **A Project Steering Committee (PSC) has been formed which will provide overall strategic direction and guidance to the Program.** This Committee is chaired by the Principal Secretary, Finance, and comprise Finance Secretary, CEO CHiPS, Secretaries/Head of Department of relevant participating departments. The PC will be the Member Secretary and convener for the Committee Meetings. This Committee will meet at least once in every six months.

44. **A PMU lead by the PC will be established in the Directorate of Institutional Finance.** The office of the PC will be supported by a small team including staff designated for procurement functions. The PMU will be fully responsible for coordination and day-to-day implementation of the Program with support of the nominated nodal officers of all participating departments/directorates. Progress will be

monitored by Program Management Unit, through quarterly meetings with the nominated nodal officers of all relevant participating departments/directorates.

45. **A Fiscal Cell will be set up in the Budget Division comprising officials from the Finance Department and full time external consultants.** The Fiscal Cell will be responsible for providing technical support for the public financial management reforms and related activities. This arrangement will ensure that inhouse capacity of the Finance Department officials is built in the process and the reforms are sustained over time.

46. **Each of the participating departments/directorates will lead the technical part of respective reform interventions including procurement and contract management, implementation monitoring and signing off on deliverables of consultants/vendors.** For each of the results area or subset thereof, a nodal person has been nominated from the respective Department/Directorate including: the Directorate of Treasuries and Accounts; Budget Division; Directorate of Local Fund Audit; Directorate of IFMIS¹; Commercial Tax Department; CHIPS under Electronic Information and Technology Department (EITD); SUDA under Urban Administration Department (UAD); TPSIRD under Panchayat and Rural Development Department (PRDD) and Department of Commerce and Industries. The Annual Expenditure Plan for each year will be prepared by the PMU in consultation with the participating departments and will be submitted to the PSC for approval. Any amendments to the Plan will require PSC approval. Each of the participating departments is responsible for their respective Program result areas and associated activities.

B. Results Monitoring and Evaluation

47. **Progress toward the PDO will be monitored through reporting on PDO and intermediate level results indicators.** A Results Framework with Program-specific indicators and monitoring arrangements has been developed jointly with participating departments (see Annex 1 & 2). For each indicator, the Results Framework provides the baseline, targets, frequency of data collections, data source and methodology, and responsible institutions for data collection.

48. **The PMU will prepare biannual progress reports based on information obtained from participating departments.** The reports will highlight achievement of Program results, implementation constraints, and proposed measures to improve Program performance. The Program Reports will be endorsed by Project Steering Committee before submission to the World Bank.

49. **The Program will be subject to a tripartite mid-term review, conducted by the Government of Chhattisgarh, Government of India and World Bank.** The mid-term review will review and update the Program design, results framework and disbursement linked indicators taking into account implementation progress and changing priorities. The mid-term review provides an opportunity to incorporate the results of the PEFA and PIM assessments conducted during the initial years of Program implementation into the Program design.

C. Disbursement Arrangements

50. **IBRD Loan will be disbursed based on achievement of DLIs.** Annex 2 shows the agreed list of DLIs and the annual financial allocations across DLIs. Estimated timelines for each DLI are dependent on assumptions made for projected performance. Actual disbursements will be dependent on actual performance achieved. Where actions are not achieved in any year, the allocated amount will be carried

¹The Directorates of Treasuries and Accounts, Budget Division, Local Fund Audit, and IFMIS are constituent units of the Finance Department.

over to the subsequent year. Conversely, if targets are reached before deadlines, disbursement may be made earlier after clearance from the World Bank.

51. **Achievement of DLIs will be verified according to the agreed verification protocol by an IVA.** On certification by IVA, the FD will communicate the achievement of the DLIs to the World Bank and based on the World Bank's approval letter, disbursement requests will be submitted to the World Bank office, by the Controller of Aid, Accounts & Audit, using the World Bank's e-Business platform.

D. Capacity Building

52. **Most of the Program interventions under PforR Operation relate to strengthening of Institutions and building PFM capacity in key institutions, including the Financial Department, Commercial Tax Department, Works Departments, Rural and Urban Local Bodies.** The Program will also support enhancements in training infrastructure and institutions, notably through support for twinning arrangements with national/State level training Institutions. The Fiscal Cell to be formed in the Finance Department with both inhouse staff and external consultants will work directly with senior and middle level officials to transfer of knowledge and technical skills.

IV. ASSESSMENT SUMMARY

A. Technical (including Program economic evaluation)

53. **Strategic relevance.** Chhattisgarh has lagged the rest of India in economic growth and has fallen short of the national average on many development indicators. Recent policy reforms at the Union level have increased the resources available to the GoCG to promote development. If GoCG is to translate increased resources into improved development outcomes, the state will have to improve the efficiency and effectiveness of expenditure, stepping up investments in infrastructure and the social sectors. This calls for strengthening the systems of planning, revenue administration, expenditure management and reporting on the use of public funds for informed decision-making coupled with enhanced accountability and transparency.

54. **Technical soundness.** The program reflects the priorities identified by GoCG stakeholders and builds, incrementally, on ongoing reforms. GoCG can draw on the experience of other Indian states to support implementation and develop strategies for change management. The emphasis on IT solutions reflects GoCG's goal to improve efficiency through process automation, creating a 'paperless' and 'cashless' PFM environment. Chhattisgarh has made concerted efforts in e-Governance using a "push" model, whereby government proactively and seamlessly delivers just-in-time services to citizens shaped around their individual needs, preferences, circumstance, and location. GoCG has experience in implementing IT-led systems reforms. The IT solutions proposed are comparable to solutions adopted in other Indian states and can be tailored to support the requirements of GoCG.

55. **Program Expenditure Framework.** The expenditure program is based on departmental level work plans designed to achieve the DLIs and the overall results. The expenditure proposed for individual activities is commensurate with their scale and complexity and facilitates efficient execution. The Program Expenditure Framework strikes a balance between reform actions such as capacity building, recurring expenditure, and asset creation. Funding predictability is high. Risks to the Program Expenditure Framework arising out of budget constraints are low because the expenditure constitutes a small portion of the state budget and is well aligned with government priorities.

56. **Program M&E.** A Results Framework with indicators and actionable monitoring arrangements has been developed jointly with the GoCG to support progress and monitoring of results (Annex 1 & 2). The

GoCG will use its existing M&E system with inputs from the various participating departments. The M&E for the program will report on issues identified by consultancy studies. Semiannual implementation reports and annual reports will be generated for submission to the PSC and the World Bank.

57. **Gender.** Chhattisgarh has used gender budgeting for more than a decade. Analysis the 2017-18 budget shows that 18 departments (with 129 schemes) out of 34 departments have gender-specific expenditures and 11.2 percent of expenditures are allocated to women specific schemes. The Program will support the development of public investment management information systems that will monitor gender disaggregated data for public investments and projects. To address gaps in women's access to services and ultimately seek to improve their lives, including income and welfare, the program will ensure that five of the fifty schemes that are made DBT compliant exclusively target women beneficiaries, namely: Sukhad Sahara Yojna; Rajmata Vijayaraje Kanya Yojna; Bhagini Prasooti Sahayata Yojna; Mukhyamantri Silai Machine Sahayata Yojana; and Navnihaal Chhatravritti Yojana. This is reflected as an Intermediate Result of the program. In addition, out of the five schemes that will be directly monitored as DLIs, one scheme exclusively focuses on women: Bhagini Prasooty Sahayata Yojna.

58. **Climate Change.** The climate change risk of the Program is negligible. The Program will not generate direct climate change co-benefits. However, it will contribute to the climate change mitigation, resilience and adaptation by integrating climate change considerations in regulations, systems and procedures for investment project screening and appraisal. The public procurement reforms will include provisions on green procurement aimed at minimizing the environmental impact of public procurement.

59. **Citizen Engagement.** The Program will contribute to citizen engagement through improvements in the quality, timeliness and accessibility of information on public finances in Chhattisgarh, through improved reporting at state and local level. The Program will support citizen interaction and feedback through the Dynamic Beneficiary Registry Platform and enhanced GRM established for social welfare schemes under Result Area 4. Under Result 3, the Program will facilitate taxpayer communication through creation of helpdesks, particularly for smaller taxpayers.

60. **Economic analysis.** The economic analysis indicates that the PforR's net present value (NPV) in real terms is US\$43.4 million at 12 percent discount rate and internal rate of return (IRR) is 27.5 percent. The economic analysis is based on the assessment of three streams of benefits: first, efficiency savings from DBT schemes; second, increases in property taxes; and third, increases in Goods and Sales Tax revenues arising from improved compliance. Other economic benefits that are not quantified include improvements in: policy alignment of the budget; the quality of public investment; budget execution efficiency; transparency and accountability in PFM.

B. Fiduciary

61. **A fiduciary system assessment (FSA) for the PforR Program concludes that they are adequate for achievement of the Program objectives and the fiduciary risks are rated as Moderate.** The FSA has been conducted in accordance with the principles governing PforR Programs as set out in paragraph 8 of Section III of the PforR Policy as per World Bank's internal guidelines. The salient features of the Program are: first, the Program uses the GoCG's own procurement and FM systems; second, Program activities will strengthen the performance of some of the fiduciary systems; and third, the anticipated number of contracts and volume of expenditure under the Program over a five-year period are relatively small when compared to the scale of operations of the GoCG departments involved. Details of key risks identified, and corresponding mitigation measures built into the Program design are detailed in Annex 4.

62. **Financial Management.** The Program FM arrangements largely rely on the use of country systems. The GoCG has a framework of financial codes, treasury codes, rules of procedure, and related

regulations governing public financial accountability and management. Of the six Program implementing agencies, three are departments and the other three are well established state institutions (registered societies). The Finance Department is the chief implementing agency for the Program. Program financing will follow State budget procedures. The Program budget will be distinguished as a separate Scheme. The system of independent external audit by the SAI (the Office of the Comptroller & Auditor General of India - CAG) is fairly robust and non-departments implementing agencies have established external audit arrangements.

63. **Procurement.** GoCG has an upgraded e-Procurement system which departments must use for all procurements estimated to be more than INR 0.5 million. Use of E procurement has improved efficiency and transparency. GoCG public procurement is governed by Store and Purchase Rules 2002, amended in July 2017 to enable procurement of goods through the Government E Marketplace (GeM). There are no specific rules and guidelines for procurement of services. Procurement for the PforR Program is mainly for consultancy services and some IT related goods – such as computers and peripherals, servers, application software. Under the Program, CHiPs will handle major IT hardware, software, IT related consultancy procurements using the e-procurement system. The capacity of CHiPS and participating departments/agencies is considered adequate for handling the procurement for the Program. Based on the assessment, there are no large contracts valued at or above Operational Procurement Review Committee (OPRC) thresholds (US\$75 Million for Goods and US\$30 Million for consultancy) under the Operation. No civil works will be undertaken in this Program.

64. **Applicability of Anti-Corruption Guidelines.** The framework for anticorruption activities, controls and processes in Chhattisgarh is assessed to be adequate in context of the limited scope and coverage of the Program. GoCG has a toll-free helpline number for reporting fraud and corruption related matters, which initiates complaint in the system, routed to the concerned department and tracked till closure. Through the Program’s legal documents, India (as the recipient of IBRD financing) and Chhattisgarh are formally committed to the obligations under the Anti-Corruption Guidelines for PforR operations. In the context of this Program, Chhattisgarh has agreed to report to the Bank any credible and material allegations of fraud/and/or corruption regarding the Program as part of the overall Program reporting requirements.

C. Environment and Social

65. **The World Bank’s Environmental and Social Systems Assessment (ESSA) concluded that the Program systems are aligned with the core principles of the World Bank’s PforR instrument and that interventions under the Program are not expected to cause any adverse impacts that are sensitive, diverse and unprecedented on the environment or the people.** The World Bank recommends best practices for the counterpart to consider which are detailed in Annex 5. The ESSA drew information on the existing systems through desk reviews, secondary information, and consultations with the relevant government line departments. The draft report of the ESSA was disclosed in the consultation workshop held on September 14, 2018 and the suggestions are integrated. Subsequently, the report was disclosed on the World Bank’s external website on September 27, 2018 and GoCG Finance Department’s web-site on September 29, 2018.

66. **Assessment of Environmental Systems.** The Program will finance the procurement of electronic hardware and so tie-ups with local e-waste recycling companies for responsible disposal is recommended. Under Results area 1, Public Investment Management (PIM) Policy and Guidelines will be developed and notified for the state of Chhattisgarh (DLI 2). The assessment of environmental systems indicates that: (a) the capacity of the key institutions and coordination between the institutions on environmental aspects are good, except for the need for few changes in procedures (workers’ health and safety on construction

site, solid waste management disposal including e-waste systems); (b) clear and stringent procedures exist for selection of land, inspections, transfer, or diversion of forest land; (c) existing legal and regulatory framework and policies are adequate to govern the environmental sustainability of Program activities; and (d) guidelines and codes of proactive exist for environmental-friendly and efficient building constructions. Apart from strict adherence to the existing legal and regulatory framework, a few good practices have been recommended for inclusion in the PIM Guidelines as discussed in Annex 5.

67. **Assessment of Social Systems.** The Program seeks to enhance efficiency in service delivery through the development of a Dynamic Beneficiary Registry platform and strengthening the direct benefit transfer mechanisms. These interventions will enhance the equitable access to government schemes by the poor and marginalized including the Scheduled Caste and Scheduled Tribe populations. However, terrain and security considerations pose a risk towards inclusion and require close monitoring. Differential access to IT infrastructure, especially in remote and areas with poor security, is addressed through ongoing SKY and Bharat Net projects and “dark” villages are expected to be covered over the next two years. Recommendations arising from the assessment of social systems are: tracking of Dynamic Beneficiary Registry and uptake of services in tribal blocks and LWE areas for the selected schemes (disaggregated by caste and gender); and preparation of a communication plan to raise awareness among the target population, to promote their inclusion in areas that are difficult to reach areas and have poor security. Further details on recommendations for PAP and PIM are presented in Annex-5.

D. Risk Assessment

68. **The overall risk is assessed to be Moderate.** World Bank support is extended to an ongoing reform program and the institutional arrangements for Program implementation are being strengthened. Nonetheless, scaling up of the Program will be a significant challenge for government functionaries and other stakeholders. Each risk category is discussed below.

69. **Political and Governance and Stakeholders (Moderate).** PFM reforms require continuous, high level political support. Tangible benefits of PFM reforms are sometimes difficult to quantify, and benefits accrue in the medium to long term. Changes in Government leadership, key interlocutors, bureaucratic reshuffles and transfers can impact the reform process. These risks have been - and will continue to be - mitigated through regular consultation with a wide range of stakeholders across the GoCG.

70. **Macroeconomic (Low).** Over the last few years, GoCG has largely complied with the Fiscal Responsibility and Budget Management Act targets and macro-fiscal performance is not expected to deteriorate in the Program period. The cost of the Program is modest relative the State and departmental expenditures. Consequently, the Program is unlikely to be impacted by adverse macro-economic conditions.

71. **Sector Strategies and Policies and Technical Design of the Program (Moderate).** GoCG has undertaken significant reforms and has an active e-Government agenda. The PforR builds on these achievements. The proposed activities are aligned with reforms at national level, supported by the Government of India and are comparable to those taken in other Indian states. Program design may also have to be adjusted to consider implementation progress and the results of PEFA and PIM assessments undertaken in the initial years of Program implementation. A mid-term review of the Program provides the opportunity to make the necessary adjustments. Reforms in the Treasury, Revenue Administration and DBT administration all use IT as a driver for reform, supported by the introduction of new PFM practices and procedures. These reforms will require significant investments in change management, through communication and capacity building for government personnel and stakeholders.

72. **Institutional Capacity for Implementation and Sustainability (Moderate).** There is adequate capacity at senior management level to guide and oversee Program implementation. However, there are capacity constraints in middle and lower level officials. Some of the reforms will require a shift in organizational culture – notably in terms of increased use of analytics and delegation of decision-making – and coordination across participating departments. The Program will address these risks by establishing specific coordination arrangements and strengthening staffing, notably through the appointment consultants to a Finance Cell. This will allow GoCG to bring in specialist skills to support the reforms, advise on change management and support skills transfer to officials.

73. **Fiduciary (Moderate).** GoCG will use its own procurement and financial management systems for Program implementation. These are considered reasonably adequate given that the anticipated number of contracts and volume of expenditure under the Program over a five-year period are relatively small when compared to the scale of operations of the GoCG departments involved. GoCG has an established mechanism of handling complaints relating to Fraud and Corruption. To provide adequate assurance on the usage of the proceeds of financing, entity audit reports of CHiPS, TPSIPRD and SUDA will be shared with the Bank in addition to the certified State Accounts.

74. **Environment and Social (Low).** Environmental risks arise from the acquisition and disposal of IT equipment, the construction of a new Apex Training Institute and modernization of the existing two training institutes. Social risks are related to the inclusion of people in tribal blocks and areas with poor security in DBT schemes. Social risks will be mitigated through consultation, by tracking of Dynamic Beneficiary Registry and uptake of services and communications to raise awareness among the target population.

75. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit www.worldbank.org/grs. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.



ANNEX 1. RESULTS FRAMEWORK MATRIX

Results Area Supported by PforR	PDO/ Outcome Indicators	Intermediate Results Indicators	DLI #	Unit of Measure	Baseline	End Target
Results Area 1: Strengthening Core Financial Management Systems and Services	PDO Indicator 1: Complete and timely State financial reports available in public domain		1	Completeness of State financial reports	Financial reports generated from e-kosh incomplete as expenditures of Public Works and Forest Divisions, Treasury (PAO) and RES are not reported.	Complete and timely State financial reports available in public domain
		IR Indicator 1.1: Development and implementation of new Public Investment Management Framework for capital investment projects	2	No of projects appraised using PIM guidelines	Project Formulation and Implementation Committee headed by Chief Secretary approves all public investment proposals above Rs. 50 crores; the process however requires rigor and technical cost benefit analysis	Appraisal of at least 10% of all capital investment projects in selected two departments, conducted using the new PIM Framework
		IR Indicator 1.2: Macro-fiscal model developed under a Medium Term Fiscal Framework (MTFF) for forecasting of long-term macro-economic and fiscal indicators	3	MTFF model developed and adopted	MTFF prepared as part of annual budget exercise, but lacks rigor and clear statement of underlying technical assumptions	Macro-fiscal model developed under a Medium Term Fiscal Framework (MTFF) for forecasting of long-term macro-economic and fiscal indicators. Forecasts generated through the MTFF used to prepare the statements to meet the requirements of the State FRBM Act, and for estimating the expenditure ceiling of the budget.
		IR Indicator 1.3: Structured training of GoCG staff in Public Financial Management and Public Procurement		Number of government staff trained in Public Financial Management and Public Procurement	Existing Accounts Training Schools (ATs) have inadequate institutional capacity and infrastructure to train GoCG's large pool of staff on PFM and Public Procurement. The total number of officers in the above-	At least 3,000 government staff, including 10% female staff trained in Public Financial Management and Public Procurement



					mentioned cadre are 10,443 including 10% female staff.	
Results Area 2: Strengthening Financial Management of Local Bodies	PDO Indicator 2: Reduction in backlog of audits of local bodies		4	Number	Huge backlogs exist in audit of PRIs, ULBs and Autonomous Bodies which fall within the purview of audit by the Directorate of Local Fund Audit (LFAD). The total number of units having audit backlog up to FY 17-18 is 11839.	Audits completed in at least 10,500 units, up to the financial year not earlier than the preceding two financial years.
		IR Indicator 2.1: PRIASoft module of Panchayat Enterprise Suite [PES] updated for all receipts and expend by all Village Panchayats	5	Number of GPs with month books closed	As of 30-Aug-2018, 369/10,966 Village Panchayats with closed month books up to 30-Jun-2018	10,000 Village Panchayats with closed month books within 45 days of the last calendar quarter
		IR Indicator 2.2: State level dashboard provides enhanced transparency and accountability in ULB performance	6	Number of ULBs using Enterprise based Budget and Accounting module	TALLY is used for accounting at ULBs; e-Governance initiative underway which envisages design, development and implementation of 12 modules, including accrual based double entry accounting module across 168 ULBs across the State	Finance Budget and Accounting Management module rolled out and fully operational across 13 Nagar Nigams, 44 Nagar Palikas and 111 Nagar Panchayats
Results Area 3: Strengthening Revenue Administration	PDO Indicator 3: Increase in property tax collected in selected urban local bodies	Percentage increase in property tax collections over baseline	7		Property Tax collected for 44 Nagar Palika for FY17-18 is INR 17.276 crores and INR 8.263 crores for 3 selected Nagar Nigams, including collections against current demand and arrears.	Increase in property tax collected over the baseline in the selected urban local bodies by 20%



		IR Indicator 3.1: Property survey initiated, and GIS base map created			Property survey and GIS maps completed for 10 ULBs	Property survey completed, and GIS base map created for 47 selected ULBs.
		IR Indicator 3.2: Increase in number of properties in the property register			572,586 number of properties are presently recorded in the property tax registers related to 10/13 Nagar Nigams after GIS survey	At least 100,000 number of properties recorded in the property tax registers following GIS survey in selected 47 ULBs
	PDO Indicator 4: Increase in number of GST registered taxpayers		8	Percentage increase in GST taxpayer registration	Number of registered dealers as on 31-03-18 is 1.30 lakhs approx.	Growth by 25% from baseline in GST registered tax payers
		IR Indicator 4.1: Institutional performance of CTD enhanced, through training of staff and operationalizing of the Help Desk		Percentage decline in GST tax return non-filers measured on annual basis	Non-filers of GST return are 28% percentage of active dealers; no proper training schedule/plan; no GST helpdesks	Decline in GST tax return non-filers to 15% of active dealers; training schedule plan created, and GST helpdesks created
		IR indicator 4.2 Enhancement of Tax Analytics, Information and Audit Systems		N/A	Currently VAT system is fully computerized and inhouse MIS & Analytical reports are based on VAT computerized database. GST analytics is rudimentary as the MIS is not fully developed and analytics module is yet to be rolled out. No specialized audit mechanisms in place	Functional Tax analytics platform available for analysis of GST tax returns, monitoring fraud, return filing status etc. integrated with existing VAT data. Audit framework and systems created and supported by Analytics platform
Results Area 4: Improving Efficiency in Delivery of Benefits in Selected Schemes	PDO Indicator 5: Universal use of DBT for validated baseline of		9	% of use of DBT	Total number of beneficiaries covered under the five selected schemes are 883,448, of which 0% are DBT compliant	Use of DBT in 90% of validated baseline of beneficiaries in the shortlisted schemes



	beneficiaries in selected schemes					
		IR Indicator 5.1: Data Sharing and Consent Framework Policy & Guidelines notified		Gazette Notified Guidelines by the State Government and/or Data Exchange Framework guidelines to be issued by CHiPS or equivalent authority	No Policy/Guidelines notified	State notifies Data Sharing and Consent Framework Policy and/or Guidelines
		IR Indicator 5.2: Roll-out of Dynamic Beneficiary Registry and Data Exchange Platform		% of short-listed schemes integrated with Dynamic Beneficiary Registry and Data Exchange Platform	No platform exists	100% of short-listed schemes integrated with Dynamic Beneficiary Registry and Data Exchange Platform
		IR Indicator 5.3: Number of schemes digitized using Common Application Platform framework		No of State schemes digitized	None of total 78 State schemes are digitized	Fifty state schemes, of which at least 5 schemes focus exclusively on women, digitized.
		IR Indicator 5.4: Complaints/ grievances related to selected schemes addressed as per SOP		Percentage of grievances lodged and closed as per timelines defined in SOP	No formalized digital system to handle grievances raised by beneficiaries	50 % of grievances lodged for all short-listed schemes closed as per timelines defined in SOP



Annex 2: Disbursement Linked Indicators, Disbursement Arrangements and Verification Protocol

Disbursement Linked Indicators	Total Financing/% of Total	DLI Baseline	Results to be Achieved in FY 2018-19 (Year 0)	Results to be Achieved in FY 2019-20 (Year 1)	Results to be Achieved in FY 2020-21 (Year 2)	Results to be Achieved in FY 2021-22 (Year 3)	Results to be Achieved in FY 2022-23 (Year 4)	Results to be Achieved in FY 2023-24 (Year 5)
DLI #1: Complete and timely state financial reports made available in public domain		Financial reports generated from e-Kosh incomplete as expenditures of five core public investment departments are not reported	'As is Study' completed and 'Functional Requirement Specification' for enhanced/next generation IFMIS developed	Policy on commitment controls along with procedures/guide lines developed, approved and notified by government of Chhattisgarh	Data integration interface developed and operationalized between E-Kosh, e-procurement, e-kuber and e-works (contract management) applications	100% of payments (other than exceptions notified in Government Order) of all cheque drawing departments through the IFMIS system	Information on unpaid commitments available on IFMIS portal for at least two major spending line departments	IFMIS interface provides Auditor General's Office with access to accounts and supporting documents
Disbursement formula			N/A	N/A	N/A	N/A	\$500,000 for each department achieving DLI target, up to maximum of two departments	N/A
Allocated Amount	\$4,942,000 (19.7%)		\$350,000	\$355,000	\$1,037,000	\$1,200,000	\$1,000,000	\$1,000,000
DLI #2: Implementation of Public Investment Management Framework (PIM)		Project Formulation and Implementation Committee headed by Chief Secretary			Diagnostic Gap Analysis on Public Investment Decision and Management processes	New PIM Framework developed and approved	Appraisal of at least two selected capital investment projects above the agreed threshold,	Appraisal of at least 10% of all capital investment projects in selected two departments, conducted using the new PIM Framework



		approves all public investment proposals above Rs. 50 crores; the process however requires rigor and technical cost benefit analysis.			completed and road map and action plan for development of new Project Investment Framework prepared and approved		conducted as proof of concept following the new PIM Framework	
Disbursement formula					N/A	N/A	\$125,000 for each appraisal completed, up to a maximum of two projects	\$175,000 for each department achieving the target, up to a maximum of two departments
Allocated Amount	\$1,000,000 (4%)				\$200,000	\$200,000	\$250,000	\$350,000
DLI #3: Strengthened Medium Term Fiscal Framework		MTFF prepared as part of annual budget exercise, but lacks rigor and clear statement of underlying technical assumptions			Macro-fiscal model developed under a Medium Term Fiscal Framework (MTFF) for forecasting of long-term macro-economic and fiscal indicators. User manual and training curriculum on the model		Forecasts generated through the MTFF used for the ensuing FY in the statements prepared as per the requirements of the State Fiscal Responsibility and Budget Management Act, and for estimating the expenditure ceiling of the	



					prepared.		budget.	
Allocated Amount	\$1,000,000 (4%)				\$500,000		\$500,000	
DLI #4: Reduction in backlog in audits of local bodies		Huge backlogs exist in audit of PRIs, ULBs and Autonomous Bodies which fall within the purview of audit by the Directorate of Local Fund Audit (LFAD). The total number of units having audit backlog up to FY 17-18 is 11,839.		Roadmap for Institutional Strengthening of LFAD including strategy to improve performance and reduce back logs of audits prepared.	All the technical staff of LFAD trained in the new framework, including conduct of 6 pilot audits for the six regional offices of LFAD.	Audits completed in 3,500 units, up to the FY not earlier than the preceding two FYs.	Audits completed in additional 3,500 units, up to the FY not earlier than the preceding two FYs.	Audits completed in additional 3,500 units, up to the FY not earlier than the preceding two FYs
Disbursement Formula				N/A	For training conducted and pilot undertaken for each regional office - \$40,000 up to maximum of six regional offices	For 2,500 units meeting DLI targets \$200,000, plus \$80 for each additional unit meeting DLI target up to a maximum of 3,500 units	For 2,500 units meeting DLI target \$200,000, plus \$80 for each additional unit meeting DLI target up to a maximum of 3,500 additional units	For 2,500 units meeting DLI target \$200,000, plus \$80 for each additional unit meeting DLI target up to a maximum of 3,500 additional units
Allocated Amount	\$1,330,000 (5.3%)			\$250,000	\$240,000	\$280,000	\$280,000	\$280,000
DLI #5: Strengthening		GPs currently use PRIASOFT			4,000 GPs have closed monthly		8,000 GPs have closed monthly	10,000 GPs have closed monthly cash



Public Financial Management Capacity in Village Panchayats		for accounting, but large backlogs exist. As of 30-Aug-2018 369/10966 Village Panchayats with closed month books up to 30-Jun-2018			cash books within 45 days of the end of the last calendar quarter		cash books within 45 days of end of the last calendar quarter	books within 45 days of the end of the last calendar quarter
Disbursement Formula					For 3,000 GPs meeting DLI target \$250,000, plus \$100 for each additional GP meeting DLI target up to maximum of 4,000 GPs		For 3,000 GPs meeting DLI target \$50,000, plus \$ 100 for each additional GP meeting DLI target up to maximum of 8,000 GPs	For 8,000 GPs meeting DLI target \$50,000, plus \$ 100 for each additional GP meeting DLI target up to maximum of 10,000 GPs
Allocated Amount	\$1,150,000 (4.6%)				\$350,000		\$550,000	\$250,000
DLI#6: Strengthening Public Financial Management Capacity in Urban Local Bodies		TALLY is used for accounting at ULBs; e-Governance initiative underway which envisages design, development and implementatio		Finance Budget and Accounting Management module of e-Governance application rolled out and fully operational across 13 Nagar Nigams		Finance Budget and Accounting Management module rolled out and fully operational across 44 Nagar Palikas	Finance Budget and Accounting Management module rolled out and fully operational across 50 Nagar Panchayats	Finance Budget and Accounting Management module rolled out and fully operational across additional 61 Nagar Panchayats



		n of 12 modules, including accrual based double entry accounting module across 168 ULBs across the State						
Disbursement formula				For each Nagar Nigam meeting DLI target: \$20,000, up to maximum of 13 Nagar Nigams		For each Nagar Palika meeting DLI target: \$10,000, up to maximum of 44 Nagar Palikas	For each Nagar Panchayat meeting DLI target: \$5,000, up to maximum of 50 Nagar Panchayats	For each Nagar Panchayat meeting DLI target: \$5,000, up to maximum of 61 Nagar Panchayats
Allocated Amount	\$1,255,000 (5%)			\$260,000		\$440,000	\$250,000	\$305,000
DLI #7: Increase in property tax collected in urban local bodies		Property survey and GIS maps completed for 10/168 ULBs; 572586 properties are presently recorded in the property registers of 9 ULBs. Property Tax collected for 44 Nagar Parishads is INR 17.276 crores including collections		Property survey initiated, and GIS base map created for 15 out of the 47 selected ULBs	Property survey initiated, and GIS base map created for an additional 32 out of the 47 ULBs	Increase in property tax collected in selected urban local bodies by 10% over baseline	Cumulative increase in property tax collected in selected urban local bodies by 20% over baseline	



		against current demand and arrears.						
Disbursement formula				For each ULB meeting DLI target: \$30,000, up to maximum of 15 ULBs	For each ULB meeting DLI target: \$30,000, up to maximum of 32 ULBs	For a minimum of 6% increase over baseline: \$350,000, plus \$25,000 for every additional percentage increase thereafter up to a maximum of 10%	For a minimum of 10% increase over baseline: \$350,000, plus \$25,000 for every additional percentage increase thereafter up to a maximum of 20%	
Allocated Amount	\$2,460,000 (9.8%)			\$450,000	\$960,000	\$450,000	\$600,000	
DLI #8: Increase in Number of GST registered taxpayers		Number of registered dealers as on 31-03-18 is 1.30 lakhs approx.			10% increase in GST taxpayer registration	15% cumulative increase in GST taxpayer registration	20% cumulative increase in GST taxpayer registration	25% cumulative increase in GST taxpayer registration
Disbursement formula					For a minimum of 6% increase over baseline: \$480,000, plus \$80,000 for every additional percentage increase thereafter up to a maximum of 10%	For every additional percentage increase over 10%: \$80,000, up to a maximum of 15%	For every additional percentage increase over 15%: \$80,000, up to a maximum of 20%	For every additional percentage increase over 20%: \$80,000, up to a maximum of 25%
Allocated Amount	\$2,000,000 8(%)				\$800,000	\$400,000	\$400,000	\$400,000



DLI #9: Universal use of DBT for validated baseline of beneficiaries in selected schemes		Total number of beneficiaries covered under the five selected schemes are 883,448, of which 0% are DBT compliant		Policy Planning Tool developed and deployed, and, Data Sharing and Consent Framework Policy & Guidelines notified	Roll-out of Dynamic Beneficiary Registry and Data Exchange Platform	5 Selected Schemes digitized and integrated with Dynamic Beneficiary Registry and Data Exchange Platform	Universal use of DBT for at least 50% of validated baseline of beneficiaries in the Selected Schemes	Universal use of DBT in 90% of validated baseline of beneficiaries in the Selected Schemes
Disbursement formula				N/A	N/A	\$500,000 for each scheme meeting DLI target, up to a maximum of 5 schemes	For a minimum of 20% of the validated baseline of beneficiaries \$1,200,000, thereafter \$500,000 for every additional 10%, up to a maximum of 50%	For each additional 10% of the validated baseline of beneficiaries \$325,000, up to maximum of 90%
Allocated Amount	\$10,000,000 (39.8%)			\$1,000,000	\$2,500,000	\$2,500,000	\$2,700,000	\$1,300,000
Total Financing Allocated	\$25,137,000 (100%)							

Note: DLI results are not time-bound; the fiscal years in which they are expected to be achieved as per this schedule are for indicative purposes. These DLI results can accordingly be met up and until the closing date.



Additional Considerations for DLI-based disbursement

DLI 1: Complete and timely State financial reports made available in public domain

- Complete State accounts will encompass only core government bodies and will not include institutions and entities (like local bodies, parastatals, corporations and universities) operating outside State Treasury.
- Timely State financial reports is defined as T + 1 business working day
- The five core public works departments (using standalone customized e-Work modules) include: Public Works Department (PWD); Public Health and Engineering Department (PHED); Forest Department; Rural Engineering Services (RES), Water resources Department and Treasury PAO.
- The boundaries of interface with e-Kosh will be defined as the output of the 'As-Is Study', but at the very least cover transactions from the stage of administrative and financial sanction; procurement; contract award; completion of work; invoice generation and sanction; budget controls; release of payments.
- Roll-out to the 5 Core public works departments is defined as: 100% of transactions (other than exceptions notified in Government Order) of these departments have been made through the IFMIS system.
- Online submission of monthly accounts to AG shall start for offices where electronic interface for IFMIS has been rolled-out and shall include access to electronic copies of supporting documents.

DLI 2: Implementation of Public Investment Management Framework

- Diagnostic Gap Analysis will be conducted using internationally accepted PIM Framework
- New PIM Framework will include strategy, action plan, road map, Operational Manual and revised Rules as recommended in PIM assessment
- The guidance will cover the following stages of project cycle: (a) Identification of projects & programs; (b) Design, appraisal, and screening of projects & programs at pre-feasibility, feasibility and detailed blue print stages; (c) Independent review of the appraisal; (d) Budget authorization of functions and services and appropriation of funding; (e) Project implementation: procurement, contracting, adjustment and monitoring, including construction, operation and maintenance, rehabilitation/ expansion/termination; and (f) Ex post program or project evaluation.

DLI 3: Strengthened Medium Term Fiscal Framework

- The Medium-term Fiscal Policy Statement is presented to the State Legislature under Section 3 of the *Fiscal Responsibility and Budget Management (FRBM) Act, 2005* and sets forth a three-year rolling target for the expenditure indicators with specification of underlying assumptions and risks involved.

DLI 4: Reduction in backlog of audits of local bodies

- Reduction in backlog of audits of local bodies means audit of each unit completed up to the financial year not earlier than the preceding two financial years.
- Local bodies with back log in audits at baseline include Panchayat Raj Institutions [10,907], Urban Local Bodies [162], Other autonomous bodies [770].

DLI 5: Strengthening Public Financial Management Capacity in Village Panchayats



- Closed monthly cash books for GPs is defined as reported in Entity-wise Month Book Closed Report in PRIAsOFT, Government of India's national portal. See <https://accountingonline.gov.in/FileRedirect.jsp?FD=MonthBookClosedEntityWise2018-2019/22&name=22.html>
- To confirm close of books within 45 days of the end of the last calendar quarter, IVA will check the date for close of month books for the last calendar quarter.

DLI 6: Strengthening Public Financial Management Capacity in Urban Local Bodies

- Nagar Nigam or Municipal Corporation is to govern cities with a population of more than 100,000 people. Nagar Palikas or Municipal Councils are for towns between 25,000 and 100,000 in population. Nagar Panchayat are for towns with populations between 11,000 and 25,000 people.
- Finance and Accounting Management Modules rolled out and fully operational for ULBs is defined as use of the system as a) maintenance of primary books of accounts; b) generation of financial statements, MIS and other reports
- State and City Level Dashboard/s will be developed with the ability to provide a snapshot of Key Performance Indicators across Revenue, Expenditures and various Citizen Service Modules.
- The state level dashboard will allow state officials to view the data of all the municipalities with an ability to drill down to respective ULB's and then to individual transactions.

DLI 7: Increase in property tax collected in selected urban local bodies

- Property tax is defined as current demand (excluding arrears)
- Property survey initiated refers to commencement of Property Survey with a minimum of 50% of Survey completed.
- GIS base maps created refers to GIS base map released to the ULB for use.

DLI 8: Increase in Number of GST registered taxpayers

- Includes all GST registered taxpayers

DLI 9: Universal use of DBT for validated baseline of beneficiaries in selected schemes

- Policy Planning Tool means a centralized portal linked with a defined database schema with the capability to support evidence-based decision making.
- Data Sharing and Consent Framework Policy Guidelines means: i) Gazette State Aadhaar Act and ii) Data Exchange Guidelines notified by CHiPS or State IT Department or equivalent authority including both central and state government
- Roll-out is defined to mean: Dynamic Beneficiary Registry and Data Exchange Platform is live in an operational production environment and at least one of the selected schemes is integrated with the DBT platform.
- Scheme integration means the scheme's digitized data repositories and/or applications are linked with the Dynamic Beneficiary Registry through the Data Exchange Framework as per prescribed protocols.
- Validated baseline beneficiaries are defined as: current beneficiaries of a scheme before the introduction of DBT who meet the eligibility criteria established by the relevant line department as verified through department protocols and procedures with the DBT system and Dynamic Beneficiary Registry/Data Exchange Platform in place.



- Digitized/Digitization means: (i) an operational MIS system with the capability to digitally record beneficiary enrolment, verification and disbursement of benefits and (ii) an electronic/digital database of current program beneficiaries and relevant details.
- Universal use of DBT in selected schemes defined as: all 5 selected schemes have: (i) scheme data digitized with Aadhaar and bank account seeded; (ii) digitized data is integrated with the Dynamic Beneficiary Registry and Data Exchange Platform and (iii) benefit disbursement directly to the verified bank account.
- Efficiency is defined as the share of validated and authenticated baseline beneficiaries in selected schemes who receive benefits through DBT-linked bank accounts.

**Verification Protocol Table**

DLI #	Definition/Description of Achievement	Datasource	Agency	Verification Entity	Procedure
DLI 1: Complete and timely State financial reports available in public domain	<u>Year 0:</u> `As is Study' completed and `Functional Requirement Specification' for FMIS developed	`As is Study' and `Functional Requirement Specification' reports are forwarded by Finance Department with acceptance and certification	Finance Department	N/A	The verification will involve review of the source documents provided by Finance Department
	<u>Year 1:</u> Policy on commitment controls along with procedures/guidelines developed, approved and notified by GoCG	Policy paper on commitment control along with related procedure/ guidelines approved by GoCG	Finance Department	IVA	The verification will involve review of the Policy paper on commitment control
	<u>Year 2:</u> Data integration interface developed and operationalized between e-kosh, e-procurement, e-kuber and e-works (contract management) applications	Copy of GO issued by Finance department mandating the 5 core public investment departments to implement the enhanced FMIS. and Self-certification by the Finance department that the integrated solution stands developed and issues 'Go Live' certificate to initiate implementation.	Finance Department	IVA	The verification will involve review of: (a) GO issued mandating use FMIS modules by the 5 core public investment departments; (b) Review of the modules to assess completeness of the end-to-end integration and the dry-run reports provided by the FD and (c) e-kosh, e-procurement and e-works (contract management) modules integrated evidenced by 'Go Live' certification.
	<u>Year 3:</u> 100% of payments (other than exceptions notified in Government Order) of all cheque drawing departments through the FMIS system.	Self-certification by the Finance department that 100% of transactions (other than exceptions notified in Government Order) of these departments have been made through the FMIS system. Additionally, system usage reports and access to the module to be provided to the IVA.	Finance Department	IVA	The verification will involve review of the module and usage reports provided by the FD, including bill submission process and related internal controls. The IVA will review statistically selected sample to confirm end-to-end transaction flow, automation of bill process and related internal controls.



	<u>Year 4:</u> Information on unpaid commitments covering 90% of their capital expenditure above threshold as established by the policy, available on FMIS portal for at least two major spending Line departments	FMIS Portal	Finance Department	IVA	The verification will involve review of the data available on FMIS portal and verify completeness and correctness of information through triangulation with e-Works, Contract Management modules in e-Procurement and e-Kosh systems. The IVA will review statistically selected sample to confirm end-to-end commitment identification and management.
	<u>Year 5:</u> FMIS interface provides AG Office with access to accounts and supporting documents	Self-certification by Directorate of Treasuries and confirmation from the AG office stating automation of the process and an Operational Acceptance Testing (OAT) certificate.	Finance Department	IVA	The verification will involve review of the module and the completeness of the associated transactions along with associated internal control environment.
Implementation of Public Investment Management Framework	<u>Year 2:</u> Diagnostic Gap Analysis on Public Investment Decision and Management process completed and road map and action plan for development of new Project Investment Framework prepared and approved	Report on Diagnostic Gap Analysis, Rap Map and Action Plan for development of new Project Investment Framework approved by competent authority	Finance Department	IVA	Verification will involve review of the Gap Analysis Report, Road map and Action and confirm that the same have been duly approved.
	<u>Year 3:</u> New PIM Framework developed and approved	New PIM Framework, comprising of strategy, action plan, road map, Operational Manual and revised Rules as recommended in PIM assessment	Finance Department		Verification will involve review of the new PIM Framework and its contents; and confirm that the same have been duly approved.
	<u>Year 5:</u> Appraisal of at least 10% of all capital investment projects in selected two departments, conducted using the new PIM Framework	Copies of Appraisal reports and supporting working documents	Finance Department and the two participating Line departments	IVA	Verification will involve review of the appraisal reports to confirm compliance with the approved PIM Guidelines. IVA will also confirm from departmental data triangulated with data in e-Procurement, e-Works and e-Kosh that 10% of the capital investments are covered
Strengthened Medium Term Fiscal Framework	<u>Year 2:</u> Macro-fiscal model developed under a Medium Term Fiscal Framework (MTFF) for	MTFF model application operational and copies of user manuals and training curriculum	Finance Department	IVA	The verification will involve review of the MTFF application and user manuals and training curriculum



	forecasting of long-term macro-economic and fiscal indicators. User manual and training curriculum on the model prepared.				
	<u>Year 3</u> : New PIM Framework developed and approved	New PIM Framework, comprising of strategy, action plan, road map, Operational Manual and revised Rules as recommended in PIM assessment	Finance Department	IVA	Verification will involve review of the new PIM Framework and its contents; and confirm that the same have been duly approved.
	<u>Year 4</u> : Appraisal of at least two selected capital investment projects above the agreed threshold, conducted as proof of concept following the new PIM Framework	Copies of Appraisal reports and supporting working documents	Finance Department	IVA	Verification will involve review of the appraisal reports to confirm compliance with the approved New PIM Framework
Reduction in backlog in audits of local bodies	<u>Year 1</u> : Roadmap for Institutional Strengthening of LFAD including strategy to improve performance and reduce back logs of audits prepared	Institutional Strengthening Report of LFAD, along with acceptance of the Finance Department provided	LFAD, Finance Department	IVA	The verification will involve review of the Institutional Strengthening report of LFAD
	<u>Year 2</u> : Technical staff of LFAD trained in the new framework, including conduct of 6 pilot audits for the six Regional Offices of LFAD.	Self certification of the Director of LFAD confirming training of technical staff of LFAD and share reports for pilots conducted. Details of training plan, delivery, number and designation of staff trained, and feed back to be shared with IVA.	LFAD, Finance Department	IVA	The IVA will confirm training delivery on random sample check basis and overall verify the number of manpower trained.
	<u>Year 3</u> : Audits completed in at least 3,500 units, up to the financial year not earlier than the preceding two financial years	Self certification by Director LFAD that audits completed for 3,500 units Copies of signed Audit Reports from the LFAD portal	LFAD, Finance Department		Verification will include random sample checks of the results reported with source data.
	<u>Year 4</u> : Audits completed in additional 3,500 units, up to the financial year not earlier than the preceding two financial years.	Self certification by Director LFAD that audits have been completed for additional 3,500 units, and copies of	LFAD, Finance Department	IVA	Verification will include random sample checks of the results reported with source data.



		signed Audit Reports obtained from LFAD portal and/or physical copies			
	<u>Year 5:</u> Audits completed in additional 3,500 units, up to the financial year not earlier than the preceding two financial years	Self certification by Director LFAD that audits have been completed for additional 3,500 units, and copies of signed Audit Reports obtained from LFAD portal and/or physical copies	LFAD, Finance Department	IVA	Verification will include random sample checks of the results reported with source data.
Strengthened Public Financial Management Capacity in Village Panchayats	<u>Year 2:</u> 4,000 GPs have closed monthly cash books within 45 days of the end of the last calendar quarter	PRIASOFT Dashboard State level report on status of month book closing	Panchayat Raj and Rural Development Department	IVA	IVA will verify status of month book closing from PRIASOFT portal and conduct sample check of selected 10 Village Panchayats to confirm completeness and correctness of the books of accounts
	<u>Year 4:</u> 8,000 GPs have closed monthly cash books within 45 days of the end of the last calendar quarter	PRIASOFT Dashboard State level report on status of month book closing	Panchayat Raj and Rural Development Department	IVA	IVA will verify status of month book closing from PRIASOFT portal and conduct sample check of selected 10 Village Panchayats to confirm completeness and correctness of the books of accounts
	<u>Year 5:</u> 10,000 GPs have closed monthly cash books within 45 days of the end of the last calendar quarter	PRIASOFT Dashboard State level report on status of month book closing	Panchayat Raj and Rural Development Department	IVA	IVA will verify status of month book closing from PRIASOFT portal and conduct sample check of selected 10 Village Panchayats to confirm completeness and correctness of the books of accounts
Strengthened Public Financial Management Capacity in Urban Local Bodies	<u>Year 1:</u> Finance Budget and Accounting Management module of e-Governance application rolled out and fully operational across 13 Nagar Nigams	Dashboard reports from e-Governance platform for ULBs	Chhattisgarh Urban Development Agency	IVA	The verification will involve review of financial reports and accounts of ULBs from SUDA/UAD Dash board/Web Portal and verified for completeness and correctness on random sample basis.
	<u>Year 3:</u> Finance Budget and Accounting Management module rolled out and fully operational across 44 Nagar Palikas	Dashboard reports from e-Governance platform for ULBs	Chhattisgarh Urban Development Agency	IVA	Verification will involve review of financial reports and accounts of ULBs from SUDA/UAD Dash board/Web Portal and verified for completeness and correctness on random sample basis.
	<u>Year 4:</u> Finance Budget and Accounting Management module rolled out and fully operational across 50 Nagar Panchayats	Dashboard reports from e-Governance platform for ULBs	Chhattisgarh Urban Development Agency	IVA	Verification will involve review of financial reports and accounts of ULBs from SUDA/UAD Dash board/Web Portal and verified for completeness and correctness on random sample basis.



	<u>Year 5:</u> Finance Budget and Accounting Management module rolled out and fully operational across additional 61 Nagar Panchayats	Dashboard reports from e-Governance platform for ULBs	Chhattisgarh Urban Development Agency	IVA	Verification will involve review of financial reports and accounts of ULBs from SUDA/UAD Dash board/Web Portal and verified for completeness and correctness on random sample basis.
Increase in property tax collected in urban local bodies	<u>Year 1:</u> Property survey initiated, and GIS base map created for 15/47 selected ULBs	Copies of contracts awarded, GIS maps procured and progress reports on the conduct of surveys	Chhattisgarh Urban Development department	IVA	IVA will review documents to establish initiation of surveys, procurement of GIS maps
	<u>Year 2:</u> Property survey initiated, and GIS base map created for another 32/47 ULBs	Copies of contracts awarded, GIS maps procured and progress reports on the conduct of surveys	Chhattisgarh Urban Development department	IVA	IVA will review documents to establish initiation of surveys, procurement of GIS maps
	<u>Year 3:</u> Increase in property tax collected in selected urban local bodies by 10% over baseline	Dash board reports on e-Governance portal derived from Property Tax and Finance & Accounts modules of e-Governance portal supplemented by reports provided by SUDA	Chhattisgarh Urban Development department	IVA	IVA will review Dash board report on property tax collections at ULB, supplemented by reports provided by SUDA
	<u>Year 4:</u> Cumulative increase in property tax collected in selected urban local bodies by 20% over baseline	Dash board reports on e-Governance portal derived from Property Tax and Finance & Accounts modules of e-Governance portal supplemented by reports provided by SUDA	Chhattisgarh Urban Development department	IVA	IVA will review Dash board report on property tax collections at ULB, supplemented by reports provided by SUDA
Increase in Number of GST registered taxpayers	<u>Year 2:</u> 10 Percentage increase in GST taxpayer registration	Goods and Services Tax Network data on number of GST registrants in Chhattisgarh	Commercial tax Department		As only the Commercial Tax Department of Chhattisgarh will have access to the GSTN portal the data will be shared by the Department
	<u>Year 3:</u> 15 Percentage increase in GST taxpayer registration	Goods and Services Tax Network data on number of GST registrants in Chhattisgarh	Commercial tax Department		As only the Commercial Tax Department of Chhattisgarh will have access to the GSTN portal the data will be shared by the Department
	<u>Year 4:</u> 20 Percentage increase in GST taxpayer registration	Goods and Services Tax Network data on number of GST registrants in Chhattisgarh	Commercial tax Department		As only the Commercial Tax Department of Chhattisgarh will have access to the GSTN portal the data will be shared by the Department



	<u>Year 5:</u> 25 Percentage increase in GST taxpayer registration	Goods and Services Tax Network data on number of GST registrants in Chhattisgarh	Commercial tax Department		As only the Commercial Tax Department of Chhattisgarh will have access to the GSTN portal the data will be shared by the Department
Universal use of DBT for validated baseline of beneficiaries in selected schemes	<u>Year 1:</u> Policy Planning Tool developed and deployed, and, Data Sharing and Consent Framework Policy & Guidelines notified	Reports on the development of Policy Planning portal and reports generated from the platform and copies of Notification of the i) Gazetted State Aadhaar Act and ii) Data Exchange Guideline	Chhattisgarh Infotech Promotion Society		IVA will verify if a portal is Live in production environment with access to at least one (1) short-listed scheme administrative users. Further, the IVA will review if the State Legislative Assembly has enacted State Aadhaar Act as per Aadhaar Act, 2016 and the same has been Gazatted by the State government. IVA will also verify that Data Exchange Framework Guidelines are issued/published by CHIIPS or equivalent authority.
	<u>Year 2:</u> Roll-out of Dynamic Beneficiary Registry and Data Exchange Platform	Dynamic Beneficiary Registry and Data Exchange Platform is Live in production environment	Chhattisgarh Infotech Promotion Society		IVA will verify if Dynamic Beneficiary Registry and Data Exchange Platform is Live in production environment and has established successful electronic communication with One (1) of the short-listed schemes as per the RFP, Business Requirement and Functional Requirement document.
	<u>Year 3:</u> 5 schemes digitized and integrated with Dynamic Beneficiary Registry and Data Exchange Platform	MIS system and records of beneficiaries	Chhattisgarh Infotech Promotion Society		IVA will verify if short-listed schemes is operational through a MIS system with the capability to digitally record beneficiary enrolment, verification and disbursement of benefits.
	<u>Year 4:</u> Universal use of DBT for atleast 50% of validated baseline of beneficiaries in the shortlisted schemes	Reports and logs obtained from Policy Planning System that potential eligible beneficiary list and e-Kosh/FMIS and/or Scheme specific reports on DBT transfers	Chhattisgarh Infotech Promotion Society		IVA will verify through reports and logs obtained from scheme, Dynamic Beneficiary Registry and IFMS/PFMS systems that all declared validated beneficiaries are receiving benefits electronically into their bank account.



ANNEX 3: SUMMARY TECHNICAL ASSESSMENT

COUNTRY : India

Chhattisgarh Public Financial Management and Accountability Program

STRATEGIC RELEVANCE

- 1. Improvements in public financial management are essential if Chhattisgarh is to achieve its development potential.** Recent policy reforms at the Union level have increased the resources available to the GoCG to promote development. If GoCG is to translate increased resources into improved development outcomes, the state will have to improve the efficiency and effectiveness of expenditure, stepping up investments in growth-enabling infrastructure and the social sectors. The Program addresses these challenges across four results areas whose strategic relevance is reviewed below.
- 2. Strengthening Financial Management Systems.** The Program will support reforms that will contribute toward improving expenditure planning, investment management, budget execution, financial control, public procurement and accountability. The Program will address government-wide reforms. Consequently, the Program impact will be seen across sectors and development programs.
- 3. Strengthening Financial Management of Local Bodies.** There are 10,966 Village Panchayats and 168 urban municipalities in Chhattisgarh. These institutions play an increasingly important role in the management of development programs. Municipalities are responsible for eighteen devolved functions including water and sanitation, road and transport, environmental management and livelihoods programs. Resources are channeled to Panchayats and Municipalities to support these functions from both centrally sponsored schemes and state schemes. Improvements in the quality of public financial management by these institutions can strengthen transparency and accountability, empowering communities. It also reduces the risk of waste and losses through fraud and corruption.
- 4. Improving Efficiency in Delivery of Benefits.** Direct Benefit Transfers (DBTs) are increasingly used by the GoI and GoCG to channel resources to households and individuals. DBTs are particularly important in Chhattisgarh where the poverty rate hovers around 48 percent and 92 percent of households belong to scheduled castes, scheduled tribes and other backward classes. GoCG has encountered challenges related to manual data entry, inconsistent beneficiary data across departments, absence of data storage and data exchange protocols leading to threat to data privacy and lack of citizen centric data up-dating. Departments act in silos which leads to massive duplication of efforts. The Program will address these challenges by developing systems that will automate most of the processing and payment of DBTs and facilitate departmental data interaction under secured protocols.
- 5. Strengthening Revenue Administration.** Property taxes are the principal sources of direct tax revenue for GoCG local governments and account for less than 0.5 percent of SGDP. The introduction of the Goods and Services Tax (GST) on July 1, 2017 has posed a significant challenge for State Governments, particularly those such as Chhattisgarh that are dependent on large-scale industries for a substantial part of their tax base. GoCG's priority is to improve tax compliance and maximize its revenues from the GST. The Program will support this objective by increasing the number of GST taxpayer registrations and improve tax return filing performance. At the same time, the Program will support the GoCG's initiative to improve property tax collection through the digitization of property tax rolls and extending the property surveys to 47 municipalities.

TECHNICAL SOUNDNESS



6. **The Program reflects the needs and priorities identified in consultation with stakeholders in the GoCG.** Reform priorities for the period FY19-24 have been identified with the GoCG following a comprehensive assessment of the state's current PFM environment through a series of stakeholder meetings and consultations during Program preparation. The Program builds on the outcomes of recent reforms, developing the regulatory framework to bring them line with the IT solutions, supporting the roll out and expansion of systems and strengthening the technical capacity for GoCG staff to manage the new systems.

7. **The reforms are aligned with agenda of the Government of India and are comparable to reforms underway in other states.** State Governments are dealing with a similar set of challenges in modernizing their PFM systems: States are at various stages in this process and there are opportunities for states such as Chhattisgarh to learn from their peers.

8. **The emphasis on IT solutions in each of the results areas proposed under the operation reflects on GoCG's plans to improve efficiency through further process automation with the objective of achieving a 'paperless' and 'cashless' PFM environment.** In pursuit of this objective, the state has made concerted efforts to progress towards proactive e-Governance, following a "push" model, whereby government proactively and seamlessly delivers just-in-time services to citizens shaped around their individual needs, preferences, circumstance, and location. GoCG has experience in implementing IT-led systems reforms. The operation includes strengthening enabling IT systems which will directly benefit PFM architecture in the state.

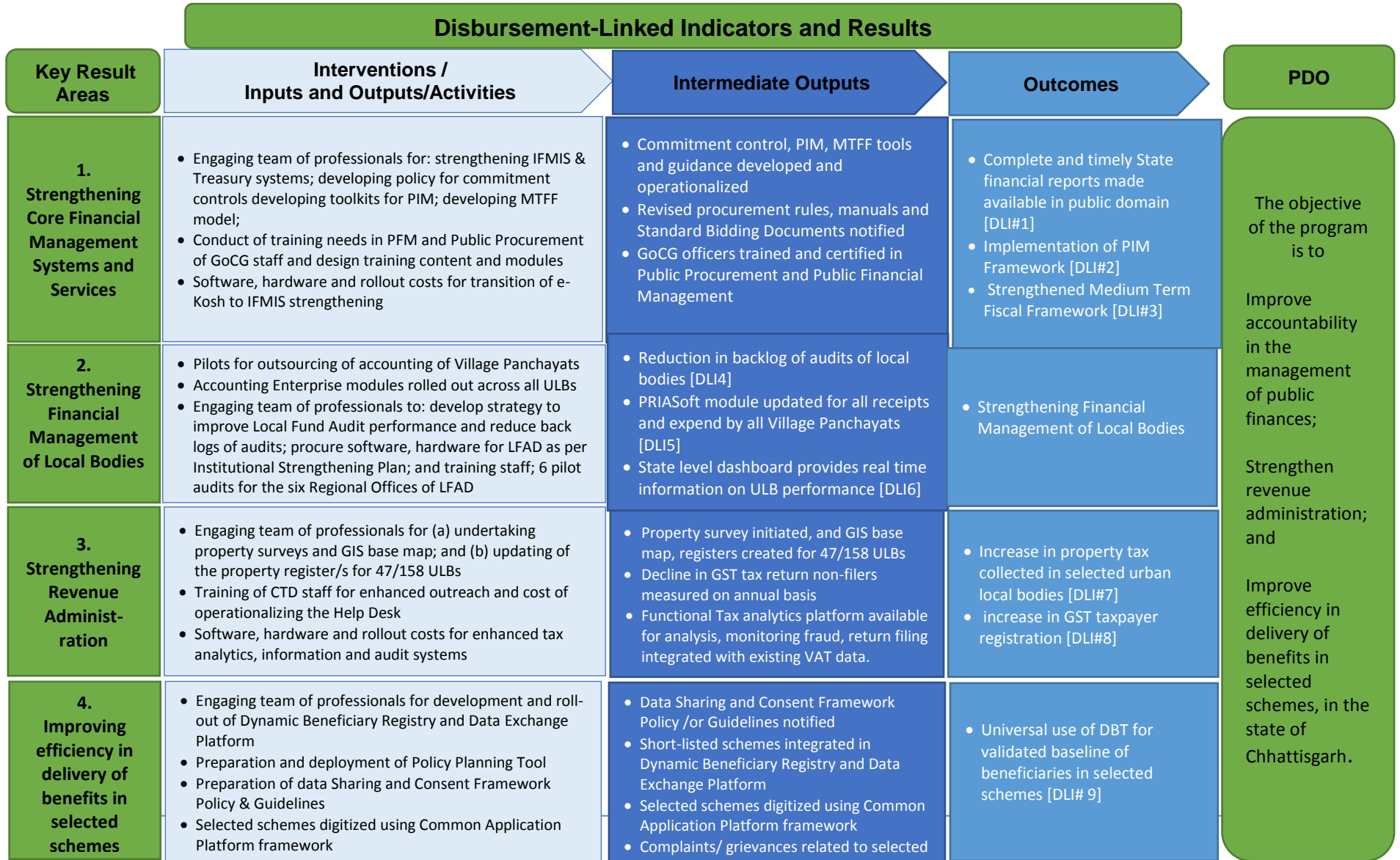
9. **The Program will support extensive capacity building of GoCG personnel.** GoCG recognizes that improvements in PFM processes require enhanced capacity of staff. The Program encompasses capacity building at two levels. First, the Program will build the capacity of GoCG to manage the reform process. This capacity building effort will target senior officials, providing them with technical and management skills, access to technical experts and peers from other States to support the change management process. Second, the Program will build the capacity of a far larger number of GoCG officials to administer and manage the systems developed through the reform process.

PROGRAM DESCRIPTION

10. **The PforR will support a sub-set of the activities under the GoCG PFM reform program, focusing on those elements of the Program that are most technically and institutionally challenging where the Bank can draw on international experience and lessons learned from other Indian states.** The main activities programmed under the PforR operation are outlined below



Figure 1: The Program Result Chain





Results Area 1: Strengthening Core Financial Management Systems and Services

Enabling availability of complete and timely State financial reports in public domain by supporting transition of E-KOSH to an Integrated Financial Management Information System (IFMIS)

11. **Over the last few years, the DoAT has undertaken several modernization steps to increase the efficiency and effectiveness of the treasury system.** GoCG has 28 treasuries, 40 sub-treasuries and 5,157 DDOs. Modernization has focused on the automation of systems. These include development and deployment of several modules that have resulted in significant process changes and benefits thereof such as e-Kosh (an online treasury system that has replaced the stand-alone application at all treasuries/sub treasuries), e-Karmchari and e-Payroll, CPS and e-Pension, E-Challan (online receipts module) E-Refund, e-bill (on-line submission of bills to treasury) and e-payment systems (online vendor payment modules)

12. **Multiple standalone information systems like E-works², E-procurement, RBIs e-Kuber need to be integrated with e-Kosh:** The e-Kosh system have developed rapidly and organically over time with support of the NIC state team, and several functionalities need to be developed or strengthened further to transition the organic home-grown system into an enhanced IFMIS. Data sharing with AG is through softcopy (through email) along with manual sharing of supporting documents. The network connectivity across various offices and locations also needs improvement.

13. **The PforR operation will support the following activities with a view to delivering a fully integrated financial management information system.**

- **Analysis of current business processes:** the existing e-Kosh system together with the associated standalone systems and related IT systems/ infrastructure including cyber security, connectivity and data centres needs to be reviewed with the objective of defining the “As is’ and ‘To Be’ processes and Functional and System Requirement Specifications (FRS and SRS) for the envisaged IFMIS, based on a Business Process Review. This will then establish the premises for the enhanced IFMIS. including hardware requirements.
- **Roll out of IFMIS in five works departments** namely PWD, PHED, Water Resources, Forest and Rural Engineering Services Departments which are currently outside the ambit of E-KOSH and transact through cheques
- **Interfaces with stand-alone systems:** integration with stand-alone systems like e-Procurement, e-Karamchari (HR) and e-Works to support: identification and removal of data inconsistencies and establish framework for inter/ intra- departmental interactions; and establishment of flexible and robust data storage facilities.
- **Integration with the AG’s software:** Currently, Data sharing with AG is through softcopy (through email) along with manual sharing of supporting documents. Server-to-server integration will provide access to the AG for the accounts as and when required for the purposes of Voucher Level Computerized data, book sections, and AG (Audit).

² e-Works: standalone customized data management system developed and implemented by the five core public investment departments namely Public Works Department (PWD); Public Health Engineering Departments (PHED); Forest Department; Rural Engineering Services (RES) Department; Water Resources Department and Treasury PAO



- **Interfacing with the e-Kuber system of the RBI** to facilitate smooth handling of receipts and payments and move to an environment of minimal or no reconciliations

Adoption of new PFM practices

14. **The PforR will support GoCG efforts to adopt modern PFM practices that will contribute to improvements in resource allocation and strengthen the control framework.** GoCG proposes to carry out a Public Expenditure and Financial Accountability assessment for the State. This will help the state benchmark its performance against global standards and develop a reform action plan, prioritized and integrated into a medium-term action plan, with clear timelines.

15. **GoCG intends to improve its fiscal planning instruments to meet the requirements under FRBM Act and facilitate the alignment of resources with policy objectives.** GoCG prepares and presents to the Legislature a broad statement of fiscal policy objectives and a set of fiscal targets projected over the next two years. This exercise is however undertaken without clearly stating the underlying assumptions and therefore, lacks rigor. The PforR will support GoCG in the development of a macroeconomic model for the preparation of a Mid-term Fiscal Framework which will show the medium-term fiscal flows under current tax and spending policies under various scenarios and clearly enunciated assumptions. This will help improve the budget preparation cycle and link the annual allocations with a medium-term fiscal framework, prepared broadly confirming to desired fiscal targets.

16. **GoCG has identified the need for improving efficiency in Public Investment Management** by strengthening the Planning, Management and Monitoring of Capital Expenditures. This entails strengthening institutional capacities and integrating planning processes as well as developing capacity to plan, appraise, implement, and evaluate project and capital investments proposals. The main objective is to establish a system to ensure that all investment projects are properly selected, appraised, and prioritized in an orderly manner and in relation to the available fiscal space before they are included in the budget for financing. The Program will support: assessment of the current PIM policies and procedures (identification of gaps), development of a road map for strengthening PIM, and development of a policy and guidelines covering the entire life cycle of investment projects; and appraisal of at least 10% of the projects in two-line departments applying the new guidelines. Social and Environmental risk screening with due regard to issues such as climate change and gender will be integrated as part of the appraisal toolkit of investment projects.

17. **The PforR operation will support the updating of the Treasury Manual and State Financial Rules, inherited from Madhya Pradesh, bringing them in line with the new automated processes.** The operation will also support developing rules for procurement of services, developing standard bidding documents for procurement of services, new-age procurement models of goods and works.

PFM training and capacity building of staff performing PFM functions

18. **The PforR operation will support training of officials to support implementation of new PFM practices and operating systems.** The results envisaged to be achieved are preparation of a Training Strategy through a Needs Assessment study and developing a training strategy and roadmap, development of e-modules for standard curriculum in different thematic/functional areas of Public Financial Management and Public Procurement, enhancing training infrastructure (library, teaching aids, IT enabled learning systems, twinning arrangements with national/State level training Institutions) and completion of training and certification of at least 3,000 government staff.



Results Area 2: Strengthening Financial Management of Local Bodies

Institutional strengthening of the Directorate of Local Fund Audit (LFAD)

19. **The PforR operation will support the introduction of risk-based approach audit to improve the quality of audits and to address audit backlogs.** By a notification dated May 1, 2018, the Chhattisgarh State Legislature has formed a Local Body and Panchayat Raj Accounts Committee, to scrutinize Annual Consolidated Audit Reports of Urban and Rural Local Bodies after they are laid before the Legislature. GoCG now wants to strengthen the institutional capacity of the LFAD to fulfill its mandate. This will entail drawing a roadmap for strengthening LFAD including a strategy to reduce audit backlogs, updating of the Act, Rules and Audit Manuals, a training needs assessment, development of suitable training course curriculum and material for upgrading skills of the LFAD staff, demonstrating value-addition through risk-based audit pilots and reduction of audit backlogs of the entities that fall within the purview of audit by LFAD.

Strengthened Public Financial Management Capacity in Local Governments

20. **In a major initiative, Panchayat Raj and Rural Department mobilized their block level functionaries to ensure that Year book/s for FY 2017-18 were closed for 10,929 Village Panchayats.** There are however, challenges with respect to the data quality and the continued ability to maintain the timeliness. Under the Program, PRDD proposes to pilot use of outsourced accounting services – Chartered Accountancy firms, Institutions, NGOs, Common Service Centers – to achieve closure of month books of at least 90% PRIs within 45 days of the end of the month.

21. **The PforR operation will support the roll out of the Finance Budget and Accounting Management Module of a web-based e-governance system covering all municipalities in a one stop shop exercise.** This will also include operationalization of a State level dashboard which will enhance transparency and accountability of ULB performance. Basic municipal accounting reforms have been carried out and double-entry book-keeping is complete for all 168 municipalities. Municipal Accountants have been appointed in all Urban Local Bodies. GoCG now intends to further build on the strong base that has been created.

Results Area 3: Strengthening Revenue Administration

Strengthening Commercial Tax Administration (CTD)

22. **The PforR operation seeks to improve tax compliance under the GST through tax payer facilitation and communication and by strengthening the Commercial Tax Department tax analytics capabilities.** The thrust of the Government's tax compliance efforts would be to increase the GST taxpayer registrations, improve tax return filing performance and smoothen the process of tax refunds to make the system tax friendly. A dedicated Business Analytics function will be created in the CTD to strengthen tax compliance and guide its tax audit function. Tax audit function will be strengthened by creating a risk-based system, training of tax audit officials, improving the quality of tax audit reports, and using business analytics to identify taxpayers posing revenue risk. The Department will modernize its field office IT infrastructure to be compliant with the requirements of India's GST Network. Tax outreach efforts will be enhanced by posting tax facilitators in tax offices below headquarters (at the 30 circle offices) and a media campaign focused on information regarding the GST and its requirement and alerting taxpayers to timelines and refund procedures. The expected outcome is an increase in registered GST taxpayers by 25 percent over the baseline.



Improving Property Tax System in Urban Local Bodies

23. The objective of this component is to support the initiative taken by the Urban Administration Department to improve Property Tax collection of Urban Local Bodies through the digitization of property tax rolls using GIS and extending the property surveys to an additional 47 selected Nagar Nigams and Nagar Palikas. This is expected to generate an increase in property tax collection in the 47 selected Nagar Nigams and Nagar Palikas by 20 percent over baseline.

24. **The Urban Administration and Development Department intends to digitize property records in the state.** To date, about 60 percent of urban property records (about 4.5 lakh) have been digitized. In total there is estimated to be nearly a million properties. The state has adopted satellite-based GIS mapping and completed house-to-house property survey with new property numbering in 10 Municipal Corporations. However, the digital records have not been updated systematically through follow-up GIS updating and resurvey of property. GoCG has linked construction permits to property records under an Ease of Doing Business program. Drone based property survey is being used in the capital city Raipur. Raipur experienced a 90 percent increase in property tax assessment between 2015-16 and 2017-18 while other cities experienced an average of 25 to 30 percent increase. In 2016-17 Property tax collection achieved 90 percent coverage in nine cities and at least 90% of the tax was collected. Property tax assessment and collection was outsourced in three municipal corporations of Bilaspur, Bhilai and Durg. This has led to a 36 percent improvement in property tax assessment in Bhilai 77 percent improvement in Property Tax assessment in Bilaspur between 2015-16 and 2017-18.

25. **The Program will support UAD's plan to undertake digital property surveys in 47 Nagar Nigams and Nagar Palikas.** This will include GIS data creation, property survey along with property re-numbering along with capture of other systematic data about the properties and ownership. The data will be housed in the State Data Centre that will enable the Urban Local Bodies to prepare Property Tax Demand.

Results Area 4: Improving Efficiency in Delivery of Benefits in selected Schemes

Roll-out of Dynamic Beneficiary Registry and Data Exchange Platform

26. **Social Registries are information systems that support the intake, registration, and determination of potential eligibility for one or more social programs.** In terms of population covered, social registries contain information on all potential applicants, whether they are deemed eligible for, or enrolled in, select social programs. The GoCG intends to leverage the Socio-economic census 2011 data as the base data for developing the registry in a phased manner.

27. **GoCG intends to convert policy formulation for efficient delivery of benefits into a completely data driven process.** GoCG intends to enhance the existing tool named "SANKALP", which will be linked to Dynamic Beneficiary Registry. The purpose of the tool is to provide an automated interface to assist different state departments while preparing their budget allocation for respective schemes. The tool will allow the flexibility to state departments to apply different deprivation criteria to identify potential beneficiaries every year and subsequently allocate budget accordingly. Using the Dynamic Beneficiary Registry and the SANKALP tool, the state would be able to proactively identify the citizens who are eligible for certain benefits and schemes on their own through a Trigger Management Platform (TMP) thereby discarding the need for the citizen to apply on their own or the need for departments to identify beneficiaries manually.

28. **The Dynamic Beneficiary Registry will operate through a Data Exchange Framework.** The DEF enables automation of all internal and external Government data interfaces anchored in secure protocols.



A data exchange platform will serve as the backbone of IT system. It would institute a set of standard principles, guidelines and frameworks that the government agencies must adopt enabling seamless sharing and collaboration within the government system. This will allow diverse government application systems to seamlessly exchange data through a set of defined security protocols, standardized technologies and applications ensuring data uniformity across the system and use it for deriving meaningful results. Government of Chhattisgarh has appointed Chhattisgarh Infotech Promotions Society (CHiPS) as the nodal body to design and develop Data Exchange Framework and Dynamic Beneficiary Registry platforms.

29. **Dynamic Beneficiary Registry, SANKALP along with DEF will enable data interaction between departmental databases maintaining data privacy through a secured network of APIs across GoCG departments.** This would enable data quality improvement, minimizing time and optimize the cost incurred by the Government agencies in data collection, data management and protection. Further it is being proposed to conduct field survey ensuring data quality, Aadhaar authentication and Aadhaar seeding, this would further pave the way for accurate identification of beneficiary enabling effective Government service delivery.

Developing Data Sharing and Consent Framework Policy & Guidelines

30. **It is imperative that firm legal framework for data protection is the foundation on which data-driven governance is pursued. To mitigate the risk of misuse of personal data of beneficiaries and to further ensure that beneficiary consent is recorded accurately, the Program will develop a supporting legal framework.** In this regard, GoCG has drafted State Aadhaar Act which has been tabled for legislative approval and will be further supported by the existing relevant laws in India dealing with data protection such as, Information Technology Act, 2000 and the (Indian) Contract Act, 1872. Expected outcome is to develop Data Sharing and Consent Framework Policy & Guidelines which shall be codified and developed as rules engine as part of Data Exchange Framework and Dynamic Beneficiary Registry.

Digitization of State funded schemes using Common Application Platform framework

31. **There are approximately seventy-eight (78) GoCG state-specific schemes which are currently operational in a manual mode for enrolment, identification and disbursement of benefits.** GoCG through the operation intends to digitize all schemes, however for the purposes of measuring the impact, five (5) schemes have been short-listed. The selected schemes are: Merit Scholarship [Department of Technical Education]; Samajik Suraksha Pension Scheme [Department of Social Welfare]; Post-Matric Scholarship Scheme for OBC students [Tribal Department]; Bhagini Prasooti Sahayata Yojana [Labor Department]; and Navnihaal Chhatravritti Yojana [Labor Department].

32. **The Program will develop a Common Application Framework for digitization of state schemes.** The Common Application Framework will provide a standardized template and architecture to develop scheme specific applications with minimal application development efforts and will further adhere to all the prescribed protocols. The outcome of the intervention is digitization of selected schemes and subsequently integrated with the Dynamic Beneficiary Registry platform through DEF.

Operationalizing the Complaints/grievances handling related to selected schemes

33. **Grievance redressal, problem solving, and alternative dispute resolution system is essential for long term success of the Dynamic Beneficiary Registry. The Program will support GoCG in development of guiding principles, operating procedures and monitoring framework to strengthen GRM.** To address this, CHiPS have been appointed as the nodal agency to monitor the implementation of the GRM. The



Program will support enhancement of the centralized call center which will provide support mechanism to record, track and monitor grievances and feedbacks from beneficiaries. Especially, in the context of data-driven governance, the centralized call center will have a pivotal role in minimizing inclusion and exclusion errors.

Universal use of DBT for validated beneficiaries in selected schemes

34. **Direct Benefits Transfer ensures seamless delivery of monetary benefits directly into a beneficiary account and/or access to in-kind benefits at last mile, thereby reducing redundant steps and resulting in timely delivery of benefits.** GoCG has established a DBT cell whose primary functions is to focus on reforms for ensuring effective public service delivery through accurate identification of beneficiaries coupled with reduce delivery time. GoCG has developed a DBT portal (<http://dbt.cgstate.gov.in/DBT/Home.aspx>) for continuous monitoring and tracking of fund flow. However, the DBT portal is still in rudimentary stage with features like manual upload of data and view of reports. The Program will support development of DBT portal functionalities and features will be enhanced and will include but not limited to automation, real-time data exchanges, analytics engine. In addition to the state DBT portal, it is expected that with the development of Dynamic Beneficiary Registry, Data Exchange Framework, SANKALP tool, digitization of state schemes and its integration with IFMIS and PFMS, the benefits transfer for eligible and identified beneficiaries will be undertaken electronically with few exceptions.

INSTITUTIONAL ASSESSMENT

35. **There is high level of commitment to and ownership of the Program on the part senior officials of the principal implementing agencies.** The Finance Department and Electronics and Information Technology Department are the two key implementing agencies responsible for about 70 percent of the total Program outlay, with the Commercial Tax Department, Panchayat and Rural Development Department and Urban and Administrative Development Department collectively implementing the remaining 30 percent of Program outlays. Senior management of each agency has defined the respective Program activities.

36. **The Program Steering Committee (PSC) under the leadership of the Principal Secretary, Finance (PSF) and Secretaries of participating departments will provide strategic leadership and interdepartmental coordination for Program implementation.** This will facilitate coordination in the implementation of the activities and periodic monitoring of the progress of deliverables for timely achievement of results. The Directorate of Institutional Finance supported by the PMU will provide operational level coordination between different stakeholders and facilitate implementation of Program activities.

37. **The operation is fully integrated in the GoCG administration and implementation is designed to promote the use of existing GoCG structures** Further, by anchoring implementation within the departments and giving them full responsibility for management and execution of activities, the operation will have a positive effect on building capacity and experience within these departments. Where institutional capacity is limited, and special skills are required, outside expertise including technical assistance and consulting services will be acquired.

38. **Each of the participating departments will implement their part of the Program, including procurement of the consultancies and goods, monitoring implementation, and signing off on**



deliverables. The procurement systems of the GoCG will be followed for any procurement under this operation, supported with technical inputs from the World Bank team. Further, the departments will pay the consultants/suppliers based on a budgetary allocation for the Operation.

DESCRIPTION AND ASSESSMENT OF PROGRAM EXPENDITURE FRAMEWORK

39. **The overall expenditure framework of the Government Program for 2018-24 is estimated at US\$ 58 million.** The Government Program Cost includes the cost of the ongoing reforms across GoCG departments namely Finance Department (FD); Electronics and Information Technology Department (EITD). Commercial Tax Department; Urban Administration and Development Department (UAD); Panchayat Raj and Rural Development Department (PRDD); and the Department of Commerce and Industries. The Government Program Cost includes expenditures related to development and implementation of the e-Procurement system, refurbishment of Apex Training Institute, outsourcing of accounting and auditing services and design, development and implementation of e-Governance in Urban Local Governments and apportioned costs of salaries, and office expenditures considered essential for the implementation of the reform program and the achievement of the Program results. Apportioned costs for salaries and other operating expenditures have only been estimated for the Finance and Commercial Tax Departments and only twenty percent of these costs have been considered to be Program-related. This is a reasonable assumption given that the Program impacts virtually all departmental business processes. Salaries represent just 11 percent of Program costs. Program costs are derived from the State budget for Year 0 i.e. FY2018-19 and extrapolated for the next five years.

40. **The total cost of the PforR Program is US\$36 million, of which World Bank financing is US\$25.2 million.** The PforR Program cost comprises of incremental costs to the Government for Program implementation. Table 3.1 gives the breakdown of Program expenditure by department. The breakdown between World Bank and GoCG financing of the PforR Program respects the Government of India requirement that State Governments co-finance thirty percent of the cost of externally financed operation.

41. **The risks to the Program Expenditure Framework are considered low.** Program expenditure constitutes a miniscule portion of the overall state expenditure budget which is about USD 11.5 billion for FY 18-19 only. Extraneous factors affecting overall government expenditure are unlikely to affect budget allocations to the Program which, has a high level of commitment and ownership within GoCG.

Table 3.1. Program Expenditure Framework for FY19-24 (in USD)

Department	Expenditures	Government Program	PforR Operation	IBRD
Finance	Consultancies, IT hardware, software development, training material, M&E, IVA, refurbishment costs, salaries and operational costs	18,624,286	11,817,143	8,272,000
Panchayat & Rural Development	Consultancies, IT hardware and software	1,642,857	1,642,857	1,150,000
Urban Administration Department	Consultancies, IT hardware, software development, accounting and audit services and GIS data purchase	15,196,576	5,307,143	3,715,000
Electronics & Information Technology	Consultancies, IT hardware, software development and training	17,320,308	14,285,714	10,000,000



Department	Expenditures	Government Program	PforR Operation	IBRD
Commercial Tax	Consultancies, IT hardware, software development and training	4,853,511	2,857,143	2,000,000
	Front end Fee	63,000	63,000	63,000
	TOTAL	57,700,538	35,973,000	25,200,000
	Rounded off to	58,000,000	36,000,000	25,200,000

DESCRIPTION AND ASSESSMENT OF PROGRAM RF, DLIS AND M&E

42. **The Results Framework developed jointly with the GoCG includes specific indicators and identifies the means for measuring achievement of the results, including source of data, frequency and methodology of data collection (Annex 1).** GoCG has developed a robust M&E system to support Program implementation which will generate semiannual reports within 45 days from the close of the semester and annual reports within 45 days from the end of the GoCG FY. Progress reports will be submitted to the PSC for review, endorsement and submission to the World Bank.

43. **The Disbursement Linked Indicators have been defined in consultation with the GoCG in a manner that link the DLIs to progress toward achievement of the PDO.** The DLIs (Annex 2) have been formulated taking the following into consideration: to signal a critical action in the achievement of the PDO; the need for a financial incentive to achieve the intended result; whether the DLI can be monitored, measured and reported routinely; and GoCG's capacity to achieve the results in the Program implementation period.

RATIONALE FOR PUBLIC PROVISION AND FINANCING

44. **The Program supports the development of public financial management systems that constitute core state functions.** The Program supports reforms that encompass the whole of the GoCG public financial management system both upstream – strategic planning, expenditure planning and annual budgeting – and downstream – revenue administration, procurement, budget execution, control, accounting, reporting, monitoring and evaluation, audits, and oversight. The Program focuses on high risk areas within the public financial management system, notably the management systems for direct benefit transfers, public investment management and contract management. Improvements in public financial management will help mobilize resources, curb corruption, improve value-for-money and improve the developmental effectiveness of public expenditures.

PROGRAM'S ECONOMIC IMPACT AND EVALUATION

45. **Economic analysis of the project provides a quantitative assessment of the direct benefits and costs associated with changes in economic welfare arising from the project.** Quantifying many of these benefits depends on the availability and reliability of data. This economic analysis provides estimates of benefits and costs using data based on various sources including the Government Budget Documents 2017-18, the IMF World Economic Outlook, IMF International Financial Statistics and Staff Projections.

46. **The economic analysis suggests that project is feasible: the net present value (NPV) in real terms is US\$43.4 million at 12 percent discount rate and internal rate of return (IRR) is 27.5 percent.** The economic analysis is based on the assessment of program-related costs – including investment and costs related to operating and maintenance, including licenses and system operation and maintenance – and three streams of benefits. These are: first, efficiency savings from DBT schemes arising from de-duplication and deletion of non-existent beneficiaries, and opt-out options in schemes; second, increases



in property taxes arising from improvements in the accuracy of the property tax register using GIS mapping and property surveys; and third, increases in Goods and Sales Tax revenues arising from improved compliance, as a result of increased registration tax payers, the use of tax analytics and effective tax audits. The basis for the assessment of each benefit stream are reviewed below:

47. **Savings from DBT.** The Government of India DBT Bharat Portal states that Total Funds Transfer in Centrally Sponsored Schemes (CSS) for both Cash and In-Kind Transfers is INR 190,870.9 crore in FY 17-18. Estimated savings across all states for these CSS schemes are estimated at 17 percent of expenditure arising from the elimination of duplicate, non-existent and ineligible beneficiaries. The savings accruing to the selected Program schemes are assumed to be of the same order as reported savings on Central Schemes because states implement all schemes and savings from Central schemes comes from state implementation. No explicit savings will accrue in the first three years i.e. 17-18,18-19 and 19-20. Instead we assumed that savings will start accruing from 2021-22 onwards. Total approximate normative budget allocation for selected schemes in 2021-22 and 2022-23 will be INR 13,086,466,159. Applying the national estimated savings rate of 17 percent to the selected state schemes implies that in financial year 2021-22 and 2022-23, the Government of Chhattisgarh will save approximately INR 2,224,699,247. If we average the savings over the project lifecycle, Result Area 4 is expected to yield approximately INR 44.49 crore per year. Therefore, total savings for the last two years of project is expected to be INR 88.98 crore, as compared with total project expenditure for Result Area 4 of INR 70 crore.

48. **Increases in property tax revenues.** The compound annual growth rate of property tax revenues in the recent past period for all ULBs combined has been 20 percent. Mapping and surveying exercises has been undertaken in 9 cities in Chhattisgarh with impressive results. A small city such as Rajnandgaon experienced an 80 percent increase in in this same period. Other cities had less spectacular success with Property Tax increase ranging between 30 percent – 25 percent. Most of these cities also saw in increase in compliance rates of 5 percent to 10 percent. A growth rate of 32 percent in property tax has been projected for the selected sample which may be viewed as pragmatic given the recent experience in other cities .

49. **Increases in GST revenues.** State own tax revenue was projected to grow by 14 percent for five years from 2017-18, by the Government of India, when India transitioned from VAT to GST on which basis a compensation strategy was also designed should state tax revenue grow slower on account of GST. Chhattisgarh's state revenue grew at 1 percent in 2017-18 but by 13 percent including compensation. The GST goods alone grew by 12.5 percent after including compensation. For this analysis, Chhattisgarh's GST is projected to grow conservatively in a staggered manner from 11 percent to 14 percent in the 10th year and subsequently at the rate of growth of nominal GSDP (10.5 percent, indicating tax elasticity of one) over the remaining projection period of five years giving a period average growth rate of 13 percent. GST policy rates are assumed to remain unchanged over the projection. The twin efforts targeted at improving compliance and expanding the tax base should push Chhattisgarh growth rate in GST towards the projected rate and enable the state to reduce its dependence on the GST compensation grant that ends in 2021-22.

50. **There are other economic benefits that are not quantified.** These include: improvements in policy alignment of the budget, the quality of public investment, budget execution efficiency and transparency and accountability in PFM underpinned by the improved institutional framework, modernized procedures and integrated information systems.



51. **Program beneficiaries.** The beneficiaries include: policy makers and senior management of government institutions who, with the help of the modern information systems, procedures and processes will be able to make decisions based on better structured, more comprehensive and more timely information; external stakeholders, including citizens, the general public and commercial enterprises who will benefit from improvements in the information on public finances and, ultimately, improvements in efficiency of budget execution processes, the delivery of benefits and public services.

WORLD BANK’S VALUE ADDITION

52. **The Bank’s significant global and local knowledge of PFM reforms will be a key value addition** in supporting GoCG’s reform priorities. The Bank’s engagement with the Union and State Governments in India span reforms in various elements of PFM, such as budget, information systems, revenue administration, cash management, financial reporting and audit. This has been built on the foundation of strong operational knowledge of PFM systems and their links to service delivery gained from experience in Bank-financed projects, diagnostics including PEFA assessments at the Union and State levels and studies of PFM in local governments. GoCG also sees the Bank as a valued knowledge partner leveraging on the Bank’s global experience and knowledge gained from three ongoing subnational PFM projects in India. The Bank’s support also brings an independent perspective on project design and implementation.

Technical Risk Rating

53. **The technical risk of the Operation has been assessed as Moderate.** Following is the summary of risks identified with the proposed mitigation measures:

Table 3.2: Risk and Mitigation Measures

Risks Identified	Proposed Mitigation Measures
Given that the operation involves introducing improvements in the Treasury system, Revenue and DBT administration using IT as a key driver together with introduction of new PFM practices and procedures, change management risks exist.	Change management and communication strategy will be an integral input across all components. One of the focus areas that the PforR operation has fed into the Government Program design is engaging and capacity building of government personnel to mitigate change management risks.
One of the key components is upgrading the existing treasury system (e-Kosh) in to an Integrated Financial Management Information System (IFMIS). e-Kosh has developed organically over time with the support of the State NIC team. User needs and requests have formed the basis of development of e-Kosh. There is lack of documentation contributing to lack of institutional history and increased dependence on individuals.	Required documentation to meet globally acceptable standards of software development and change management will be prepared under the PforR operation.
Delay in the procurement of services to create GIS maps and property survey in ULBs will delay increase in Property tax collection.	The PMU will provide support in day to day management of the Program including procurement.



ANNEX 4: SUMMARY INTEGRATED FIDUCIARY SYSTEMS ASSESSMENT

COUNTRY : India

Chhattisgarh Public Financial Management and Accountability Program

1. **A fiduciary system assessment of the arrangements under the PforR Program concludes that the systems for financial management, procurement, and measures to mitigate fraud and corruption risks meet the requirements of the Bank’s Policy for PforR financing dated November 10, 2017 are adequate for achievement of the Program objectives.** The FSA was conducted in accordance with the principles governing PforR Programs as set out in paragraph 8 of Section III of the PforR Policy as set out in the World Bank’s internal guidelines. The FSA focused on determining whether the Program systems provide reasonable assurance that Program funds will be used for the intended purpose and that principles of economy, efficiency, effectiveness, transparency, and accountability will be maintained. Program FM systems have been assessed for the effectiveness of planning, budgeting, accounting, internal controls, funds flow, financial reporting, and auditing procedures. The PforR Program procurement systems are assessed as to the degree to which the planning, bidding, evaluation, contract award, and contract administration arrangements and practices provide reasonable assurance that the PforR Program will achieve intended results through its procurement processes and procedures. The FSA also considers how PforR Program Systems handle the risks of fraud and corruption, including by providing complaint mechanisms, and how such risks are managed and/or mitigated.

2. **The fiduciary risks are considered ‘Moderate’.** The FSA reviewed the existence and adequacy of existing rules, policies, and procedures and the extent of their implementation in gaining assurance that the Program objectives shall be met. The IFSA has identified certain risks and risk mitigation actions have been included in the design of the PforR Operation. However, considering the small number of contracts and the relatively modest level of Program expenditure, the existing fiduciary systems of the Program implementing agencies are equipped to support the Program, hence the fiduciary risks are considered ‘Moderate’.

Program Institutional Arrangements

3. **The Program Steering Committee (PSC) ensures participation of senior officials so that the Program receives adequate level of authority and attention.** Program strategic oversight, coordination, and approval of annual plans are vested in the PSC chaired by the Principal Secretary, Finance, GoCG with the Secretaries/ Heads of each of the implementing departments as members.

4. **The Project Management Unit is housed in the Directorate of Institutional Finance (DIF), Finance Department.** The PMU structure has a Program Coordinator (additional responsibility to Director, Directorate of Institutional Finance) who is supported by the regular staff at FD. The Program Coordinator oversees overall management both during preparatory and implementation phases and ensures coordination between implementing departments.

5. **The implementing agencies in the Program will be Six government departments/ agencies given in the table below along with the nature of Program expenditure.** Each of the Program implementing departments/ agencies will be responsible for the entire PFM cycle of planning, budgeting, budget execution, procurement, accounting/payments, and auditing for their respective interventions.



	Implementing Departments	Nature of Program Expenditure
1	Finance Department including Directorates of (a) Institutional Finance; (b) Treasuries and Accounts; (c) Local Funds Audit	Consultancies, IT hardware, software development, training, monitoring and evaluation, salaries, IVA,
2	Commercial Tax Department	Consultancies, IT hardware, software development, and training
3	State Urban Development Authority (SUDA) under Urban Administration Department	Consultancies, IT hardware, software development, accounting and audit services and GIS data purchase
4	TP State Institute of Panchayat and Rural Development (TPSIPRD), under department of Panchayat & Rural Development	Consultancies, IT hardware and software development
5	Department of Commerce and Industry	Consultancies, IT hardware, software development, and training
6	Chhattisgarh Infotech Promotion Society (CHiPS) under the Department of Electronics & Information Technology	Consultancies, IT hardware, software development and training

6. **CHiPS, TPSIPRD and SUDA are registered societies under the Societies Registration Act, functioning as autonomous bodies with Governing Council and an Executive Board, overseeing policy making and operational effectiveness.** The Chairman of Governing Council is minister of the respective parent department. The Chief Executive Officer of these societies are officer from the Indian Administrative Services with the same financial powers as are delegated to Head of Departments of a State Government.

Use of Country Systems

7. **Program financial management arrangements will use GoCG’s systems for funds flow, payments, accounting, and auditing.** Expenditure will be incurred and managed within the state budget and payment systems which are functioning efficiently and are subject to audit. The State Financial Code, State Treasury Manual and State Budget Manuals followed by GoCG were borrowed from Madhya Pradesh (the parent State). GoCG has updated these Codes and Manuals from time to time. However, a thorough revision is required which will be supported under the PforR Program – to ensure consistency with business processes and enhancements emerging from use of IT systems.

8. **CHiPS, TPSIPRD and SUDA follow the Chhattisgarh Financial Code, as amended by their Governing Council to support the society’s fiduciary functions.** The financial management arrangements at these societies have been assessed in detail and broadly found adequate for handling financing proceeds, subject to identified risks for which mitigation measures have been agreed.

Budgeting and Planning

9. **The project will be budgeted as a separate Scheme under the State Budget.** The Program budget allocations shall be made under the Scheme Code (7919) in the separate budgets of the participating departments. This will allow the Program related expenditures to be separately identified, accounted and reported in the consolidated accounts prepared by the Accountant General (AG) of GoCG.

Treasury Management and Flow of Funds

10. **Periodic allotments/sanctions will be made by the Budget Controlling Officers of the State based on the approved budget.** e-Kosh system will be used for preparation and allotment of budgets. The implementing departments will draw on the budget through submission of bills and make payments through the state treasuries/ sub-treasuries. Treasuries in the GoCG are computerized. This will facilitate



obtaining financial statements under the Program-specific heads/subheads and consolidation of information for reporting and monitoring purposes. As Societies, CHIPS, SIPRD and SUDA use commercial banks for making all payments

Accounting and Financial Reporting

11. **Accounting will be on a cash basis using government systems: expenditure will be recorded and reported at the time of payment for goods, services, and other expenditures.** Chhattisgarh Budget Manual and Chhattisgarh Treasury Manual/Financial Code lays down policies and procedures for the entire FM cycle, from budgeting to accounting/internal controls and prescribe formats for reporting and record keeping. There will be six accounting locations under the Program, with one in each implementing department/ society.

Internal Control

12. **Program financial management for implementing agencies operating under the treasury system will be integrated in the departments' routines and procedures.** In each of the implementing departments operating under the treasury system, the finance function is handled by Finance Officers deputed from the Finance Department and designated as Assistant/ Deputy/ Joint/Additional Directors. Program financial management for CHIPS, TPSIPRD and SUDA require further strengthening to establish an adequate control framework.

Program External Audit

13. **As part of external audit assurance under the Program four audit reports will be submitted to the Bank.** The Certified State Finance Accounts of GoCG will be submitted to the Bank within twelve months of the close of the financial year i.e. by March 31; and separate Entity Audit Reports for CHiPS, TPSIPRD and SUDA will be submitted within six months from the end of the financial year i.e. September 30. Each entity report will contain a separate schedule showing expenditures under the PforR operation.

Disbursement Arrangements

14. **The achievement of disbursement linked results will be verified by an Independent Verification Agent following the agreed verification protocol.** On certification, the FD communicates the achievement of the disbursement linked results to the World Bank in the form agreed with the World Bank. Based on the World Bank's approval letter, disbursement requests will be submitted to the World Bank office, by the Controller of Aid, Accounts, and Audit, using the World Bank's e-Business platform.

Policy Framework for Public Procurement in the State

15. **GoCG has not legislated procurement-specific law/acts and regulations to provide the legislative/policy framework for public procurement in the state.** Public procurement in the state is governed by Store and Purchase Rules 2002, amendment dated July 2017 for procurement of goods. The state does not have specific rules and guidelines for procurement of services. The State Public Works Department (CGPWD) follows Works Manual and Central Public Works Account Codes for procurement and execution of works in the state. GoCG has amended the State Store and Purchase Rules, as notified to the departments in July 2017, to facilitate procurement of goods through Government E Marketplace (GeM), Government of India.

16. **GoCG has introduced an upgraded e-Procurement system and it is mandatory for all procurements estimated to be more than INR 0.5 million.** This has increased efficiency, enabled cost saving and improved transparency. In the state, major spending departments have already switch to e



procurement system and more than 80 percent of total state procurement by value is through e-procurement.

Procuring Agencies

17. The six State entities/departments that will carry out or be involved in procurement activities under the Program. These are: Chhattisgarh Infotech Promotion Society (CHIPS); Department of Finance through Directorate of Treasury Accounts and Pension; State Urban Development Department through State Urban Development Authority (SUDA); Commercial Tax Department; Panchayati Raj Department through TPSIRD and Department of Commerce and Industry. CHIPS is mandated to be the nodal agency for management of IT and e-Governance projects in the State of Chhattisgarh.

Procurement Expenditure

18. The procurable expenditure envisaged under the Program is mainly procurement of various consultancy and non-consultancy services spread across different components of the Program and some IT related goods – such as computers and peripherals, workstations, servers, networking equipment, data center, and proprietary/customized application software. The consultancy services will include studies, preparation of manuals, training modules, and implementation of IT solutions. Non-consulting services may include day-today management and support. No civil works is expected in this Program. The Program is not expected to have any high value procurement, which is more than OPRC threshold i.e. more than USD 75 Mn for Goods and more than USD 30 Mn for consultancy.

Linkage between Budget and Procurement Cycle

19. Individual departments prepare budgets for each financial year, these do not include a procurement plan, departments initiate the procurement process after the approval of budget. The Program will introduce a procurement plan using a list of annual procurement transactions and timelines for each stage of the procurement cycle. The procurement plan format will be a useful tool for monitoring and review of the procurement activities by the State.

Procurement Methods

20. The procurement methods for goods as mentioned in State Stores and Purchase Rules 2002, amended 2004 and 2017 are based on their value thresholds, which have been found adequate for procurement activities envisaged under the Program. The open tendering process follows single stage two-part system (technical bid and financial bid).

Publication of Potential Opportunities

21. As per State Stores and Purchase Rules 2002, amended 2004 and 2017, the potential opportunities are published in widely published one national daily and one regional newspaper for 21 days for tender value from INR 1 lakh up to INR 10 Lakh and 30 days for tender value above 10 lakhs for open tender process. In case of global tender, potential opportunities are published in widely published two national daily and two regional newspaper and 45 days is provided for bid submission.

Bidding Documents and Evaluation Process

22. There are shortcomings in the bidding documents and process. The State Stores and Purchase Rules provide broad guidelines for procurement of goods. There are no guidelines for procurement of services. The State has not developed standard/model bidding documents for various methods of procurement for goods or services. The State plans to prepare model bidding documents for goods and



services based on the broad guidelines issued in State Stores and Purchase Rules and consistently use them in the implementing departments under the Program.

Contract Management

23. **PWD department has developed an inhouse software named E works, which has planning and contract management features.** However, the rules do not provide guidelines for contract management and E works is not used by other departments, who are handling works contract. There is a need for development of contract management system, which can be used by all departments. The Program will support the development of contract management systems to support public investment in the works and other departments.

Procurement Staff

24. **GoCG officials have not received any formal procurement training and there is no dedicated cadre of procurement officials.** Lack of familiarity with rules and procedures leads to delay in procurement and sometimes disputes. The Program will support the development of regular training program on procurement and contract management for GoCG officials.

Complaint Redressal Mechanism

25. **GoCG has a complaint handling mechanism but further work is needed to ensure systematic follow-up and feedback.** Chhattisgarh Government has a toll-free number 1100, called Chief Minister Help Line number, for complaints related to fraud and corruption. Complaints are sent to the respective department to be dealt with. There is no dedicated complaint handling mechanism in place to receive and manage procurement related complaints received during the bidding process. While individual complaints received in a specific case may be attended promptly, there are no defined procedures and so complaints may be handled in an adhoc manner. The Program will support the development of appropriate complaint handling mechanisms for procurement to help mitigate procurement related risks. GoCG has agreed to have house the complaint handling system for the Program in PMU, headed by a senior Government officer, who will collect information on complaints from implementing agencies on periodic basis.

Anti-Fraud and Corruption Framework

26. **Primary responsibility for management of fraud and corruption (preventive function) rests with the Anti-Corruption Bureau, Chhattisgarh.** The Bureau is responsible for managing the anti-corruption functions and enquires into and investigates all types of corruption cases against public servants which includes all the staff in government or any staff whose salary is paid by the government. Under the provisions as laid down in section 63 of the Lokpal and Lokayukta Act, 2013 of the Government of India, State of Chhattisgarh has enacted legislation establishing the Chhattisgarh Lokayukta, to enquire into allegations of corruption against public functionaries. The institutional framework for anticorruption activities, controls and processes is in place and is assessed to be adequate in the context of the limited scope and coverage of the Program.

27. **The Office of the Comptroller and Auditor General (CAG) of India which is the Supreme Audit Institution has the constitutional mandate to audit all public funds and entities.** The scope of the CAG audit includes both the prevention and detection of fraud and corruption. CAG carries out audit of State Governments through the offices of Principal Accountants General/ Accountants General as appropriate and places these reports before the respective State Legislatures. GoCG is required to disclose information on public finances and respond to requests for information in line with the RTI Act of 2005. The RTI Act of



2005 offers a valuable tool to enhance transparency of the Program. All Government officials, dealing with the program are governed by the government code of ethics for government servants and standard conflict of interest clause.

28. **Applicability of Anti-Corruption Guidelines of the Bank for the Program.** GoCG is fully committed to ensuring that the Program’s results are not impacted by fraud or corruption. Implementation of the Program will be aligned with the ACGs applicable to PforR operations, that is, ‘Guidelines on Preventing and Combating Fraud and Corruption in Program for-Results Financing’, dated February 1, 2012, and revised on July 10, 2015. Through the Program’s legal documents, India (as the recipient of IBRD financing) and Chhattisgarh are formally committed to the obligations under the Anti-Corruption Guidelines for PforR operations. In the context of this Program, Chhattisgarh has agreed to report to the Bank any credible and material allegations of fraud and/or corruption regarding the program as part of the overall Program reporting requirements. The Bank will inform the recipient and Chhattisgarh about any allegation that it receives. Chhattisgarh has also agreed to ensure that persons or entities debarred or suspended by the Bank are not awarded a contract by verifying the same prior to award under the program during the debarment or suspension period. Following the precedence of previous PforR operations in India, the PforR Anti-Corruption guidelines, will be complemented by the protocol agreed between the GoI and the Association on July 30, 2008 for the exchange of information and documents, and the granting of access to the Association to the Operation’s sites and related persons.

Table 4.1. Fiduciary Risks and Mitigation Measures

Risk	Mitigation Measure
CHiPs, SUDA and TPSIPRD operate through commercial bank accounts having single signatory for their operations.	These agencies will open separate Bank account to be operated by joint signatories, for receiving and utilizing the program funds, for transactions above a specified limit as per State financial code.
There are no officers of the Finance cadre to manage finance functions in CHiPS and TPSIRD although sanctioned positions exist	Appoint officers of Finance cadre, of appropriate rank, to fill up the sanctioned posts in CHiPS and TPSIRD
Lack of robust external audit assurance mechanism for CHiPS, SUDA and TPSIPRD may result in inadequate assurance on financial statements.	Strengthen their audit mechanisms and audit ToR during the first year of effectiveness
Absence of model bidding documents for services	GoCG will use Bank’s SBD for services till standard SBDs for procurement of services are developed for the State.
With multiple implementing agencies, there is a need for central oversight regarding handling of procurements related complaints under the PforR operation	GoCG will designate a member of the PMU to collect information on complaints relating to Procurements under the PforR operation received by the implementing departments/agencies. The PMU will submit quarterly reports on their status to the Bank as part of overall reporting for the Program.

29. **Recommendation for PAP:** A road map for strengthening FM systems in CHiPS, SUDA TPSIRD will be prepared by June 30, 2019 to address the risks identified in the FSA.



ANNEX 5. SUMMARY ENVIRONMENTAL AND SOCIAL SYSTEMS ASSESSMENT

COUNTRY : India

Chhattisgarh Public Financial Management and Accountability Program

Background and Scope

1. The World Bank team has conducted an ESSA of operations to be financed under the Program in accordance with World Bank policy and directive on PforR financing. The ESSA assesses the extent to which the Program systems promote environmental and social sustainability; avoid, minimize, or mitigate adverse impacts on natural habitats and physical cultural resources; protect public and worker safety; manage land acquisition; consider issues related to indigenous peoples and vulnerable groups; and avoid social conflict. Further, it identifies actions required for enhancing and strengthening the Program systems and mitigating potential environmental and social risks. The specific objectives of the ESSA included the following: (a) identify potential environmental and social benefits, risks, and impacts applicable to the Program interventions; (b) review the policy and legal framework related to management of environmental and social impacts of the Program interventions; (c) assess institutional capacity for environmental and social management systems within the Program system; (d) assess Program system performance with respect to the core principles of the PforR instrument and identify gaps, if any; and (e) describe actions to be taken to fill the gaps that will be used as inputs to the PAP.

Methodology

2. The ESSA primarily relied on desk review of existing information and data sources, complemented by primary data collection through key stakeholders to capture opinions, anecdotal evidence, functional knowledge, and their concerns. Primary data collection and assessment involves consultation, discussion and interviews with key stakeholders including the key departments/ agency including Finance Department, Public Works Department, Urban Development Department, Panchayat and Rural Development Department and CHiPS. The desk review focuses on understanding the existing policy, operational procedures, institutional capacity and implementation effectiveness relevant to the activities under the Program. The desk review also covered the legal and regulatory requirements including those on environmental conservation, pollution control, occupational health and public safety, building construction codes, social inclusion and transparency and accountability mechanism, and social and cultural aspects related to the program. The desk review included available documents, reports, data, and websites.

Consultations and Disclosure

The draft report of the ESSA was disclosed through a state-level consultation workshop organized on September 14, 2018 at Naya Raipur. The draft report was finalized after incorporating relevant suggestions from the stakeholders during the consultation workshop. The final report of the ESSA has been disclosed on the external website of the World Bank on September 27, 2018 and GoCG Finance Department's website on September 29, 2018.



Key Findings of Institutional Assessment on Environment and Social Aspects

3. The institutions handling various aspects of environment management related to constructions are functioning according to their mandates. Institutional coordination is good among the departments. The Forest Department plays a key role in identifying the land for construction and the regulatory processes are strictly followed. The PWD implements the construction activity. Both the PWD and the Department of Finance coordinate with other departments for necessary support during construction and the legal and regulatory requirements pertaining to construction are largely adhered to.

4. The design of various provisions and schemes under the department of Tribal and Social Development, Department of Social Welfare, and the Panchayat and Rural Development departments are well aligned with the needs of the target community. The departments are well equipped to handle their current program and have well laid out guidelines and processes for implementation within the applicable legal and regulatory framework. A common beneficiary data exchange platform is being developed under the proposed Program along with data standardization to share beneficiary data. There is need to build adequate capacities among functionaries of these departments on the new system and processes.

Legal and Regulatory Framework

Environmental Management

5. The existing legal and regulatory framework provides for the prevention and management of negative environmental impacts pertaining to construction of office buildings and disposal of e-waste. Laws and regulations are in place for prevention and management of negative environmental impacts related to construction activities, especially construction in ecologically sensitive areas such as forests, national parks and wildlife sanctuaries, archaeological sites, and protected monuments (for example, Indian Forest Act, FCA, 1980). There are guidelines/policies concerning public safety and worker safety integrated into infrastructure and public amenities (for example, National Policy of Safety, health and Environment at Work Place, 2009). There are policies governing the responsible disposal of e-waste generated by bulk consumers; such as Department of Finance (for example, National E-Waste Management Rules, 2016)

6. The existing legislative framework is adequate to ensure environmental sustainability of the construction activities under the Program: however, there is need to integrate aspects related to public and worker safety during constructions. The enforcement of the laws and regulations is stringent in the state and the Department of Finance and PWD abide by the legislative framework for obtaining clearance of FCA 1980, No-Objection Certificate from Forest Department as part of construction.

Social Management

7. The existing legislative framework is adequate to ensure social sustainability of the protection of interest of marginalized and vulnerable population including the SC and ST population. It ensures: protection of the interest of Scheduled Caste and Scheduled Tribe populations; non-discrimination based on religion, race, caste, and gender; transparency with right to information; right to fair compensation in case of land acquisition; and curbing the unlawful activities that restricts tribal population in specific pockets benefiting from the government development program.



Assessment of Environmental and Social Management Systems

Existence of Systems and Processes for Environmental Management

8. **The relevant laws and regulations are adhered to in identification and transfer of land and obtaining clearances from Atal Nagar Vikas Pradhikaran.** The guidelines/codes pertaining to building constructions are integrated into the tender documents of the PWD. The integration of environment-friendly features such as rainwater harvesting, solar passive construction, and so on are followed as a mandate.

9. **The disposal of e-waste takes place in Raipur, since Atal Nagar, District Raipur has not developed that system yet, due to the city's nascent development.** However, as Atal Nagar, District Raipur starts housing more public, the GoCG intends on streamlining its solid waste and e-waste management processes locally, in adherence with national and state regulations.

Social Impact Assessment

10. **The social impact of the program is likely to be positive owing to enhanced efficiency and effectiveness of PFM systems and processes in Chhattisgarh, including through leveraging IT enabled services for improving governance, accountability and internal controls, and enhancing service delivery.** Many of the program interventions will also enhance the equitable access to government schemes by the poor and marginalized including the SC and ST population. Before constructing the apex state-level training institute at Atal Nagar, District Raipur, GoCG intends to take the building space on rent for the initial 2-3 years to begin with and look forward to having its own building constructed by the government at later stage. GoCG does not intend to acquire any land or do any resettlement for the building construction: there is enough government land within Atal Nagar, District Raipur which can be utilized, and if at all needed, an outright purchase at the market value with willing buyer and willing seller method can be exercised.

11. **Given the geographic terrain and other externalities such as left-wing extremism (LWE), it poses a risk to inclusion of people living in those areas** and need special focus and close monitoring to act upon. In addition, there are differential access to physical and IT infrastructure across different parts of the state especially in the remote pockets and LWE areas. However, it is believed that with ongoing SKY and Bharat Net projects the dark villages will be covered in next two years.

Conclusion and Recommendations

12. ***The Program interventions are not expected to lead to any adverse environmental and social impacts when executed in a sustainable manner. The existing environment and social systems are adequate to ensure the environmental and social sustainability of the Program interventions; however, there is need to enhance the systems for better results by integrating the recommended actions into the Program action plan.***

Environmental Management

13. Under Results area 1, Public Investment Management (PIM) Policy and Guidelines will be developed and notified for the state of Chhattisgarh (DLI 1.1). Apart from strict adherence to the existing 'Legal and Regulatory Framework', the recommendations for inclusion in the PIM Guidelines are as follows:

- Capacity Building of ground level functionaries of the participating departments on Worker Health & Safety Issues



- Development of Construction Management Plan for Building with construction cost of Rs. 10 crores and above.

14. One of the potential interventions of the Program would be procurement of electronic hardware for a few results areas like Institutional strengthening of CTD, transition of e-Kosh to IFMIS. In this context tie-ups with local e-waste recycling companies for responsible disposal is recommended.

Social Management

15. The key recommended to the program action plan (PAP) and PIM Guidelines are as follows:

(a) For PAP

- Track coverage of Dynamic Beneficiary Registry and offtake of services in the tribal blocks and LWE areas for the selected schemes (disaggregated by caste and gender)
- Preparation of communication plan for awareness generation of the beneficiaries and public at large on Dynamic Beneficiary Registry system

(b) For PIM

- Integration social risk screening checklist as part of the appraisal toolkit for investment projects



ANNEX 6. PROGRAM ACTION PLAN

COUNTRY : India

Chhattisgarh Public Financial Management and Accountability Program

Action Description	Responsibility	Recurrent	Frequency	Due Date	Completion Measurement
Develop Rules for Procurement of Services and SBDs for all types of procurement	Commerce & Industry Department	No		30-Jun-2020	Rules for Procurement of Services and SBD documents for all procurements approved and notified
Update 'Chhattisgarh Financial Codes', 'Chhattisgarh Treasury Codes' and 'Local Fund Audit (LFA) Act, Rules & Manual' to ensure consistency with business processes and changes due to use of IT systems	Finance Department	No		30-Jun-2021	Revised 'Chhattisgarh Financial Codes', 'Chhattisgarh Treasury Codes' and 'Local Fund Audit (LFA) Act, Rules & Manual' approved and notified in official Gazette
Conduct third party IT Audit in Year 3 of enhanced IFMIS implementation to ensure confidentiality, privacy, trust and integrity of the system.	Finance Department	No		30-Jun-2021	Audit report submitted
Track coverage of Dynamic Beneficiary Registry and offtake of services in the tribal blocks and LWE areas for the selected schemes (disaggregated by caste category (SC/ST/others) and gender)	CHiPS and Scheme implementing department	Yes	Continuous		Dashboard reports from Dynamic Beneficiary Registry portal provide block/district wise data on beneficiaries segregated by caste category (SC/ST/others) and gender
Preparation of communication plan for awareness generation of the beneficiaries/ public at large on Dynamic Beneficiary Registry	CHiPS and Scheme implementing department	No		30-Jun-2020	Communication Plan prepared and implemented
Develop Roadmap for financial management system strengthening at CHiPS, SUDA and TPSIPRD.	CHiPS, SUDA and TPSIPRD	No		30-Jun-2019	Action plan developed and approved by competent authority
Conduct Public Expenditure and Financial Accountability Assessment using PEFA Framework and develop medium term reform action plan	Finance department	No		31-Mar-2021	Medium term action plan developed and approved

**ANNEX 7. IMPLEMENTATION SUPPORT PLAN**

COUNTRY : India

Chhattisgarh Public Financial Management and Accountability Program

1. The strategy for implementation support has been developed based on the nature of the Program and its risk profile. The World Bank's approach to implementation support strongly emphasizes open and regular communication with all actors directly involved in the Program, constant information exchange, and adequate flexibility to accommodate the requirements of the Program.

2. Although the overall responsibility of the Program's implementation rests with GoCG, the World Bank will provide necessary support on an on-going basis in the following areas during the project tenure in reviewing implementation progress and achievement of Program Results, and compliance with legal covenants including PAP; resolving implementation issues and carrying out capacity building through guidance in technical, fiduciary, social and environmental issues and monitoring program risks

3. Considering that the Program involves technical assistance, support for the Program will be significant. Formal review Missions will be carried out twice a year. The Bank will conduct a mid-term review jointly with the Government of Chhattisgarh to review and update the Program design, results framework and disbursement linked indicators considering implementation progress and changing priorities, if any. The Bank will also provide regular support as needed in development of terms of reference and in solving problems related to achievement of Program results. The Bank will review semi-annual program implementation reports submitted by GoCG as well as Annual Financial Audit Reports of the Program.

Table 7.1: Estimated Effort for Implementation Support

Focus	Role	Resource Estimate (Number of staff weeks)		
		First 12 Months	13-48 months	Beyond 48 months
Task Team Leadership	TTL/Co TTL	15	30	5
PFM Specialisation including macro-economic fiscal specialization	FM Specialist	3	6	1
Dynamic Beneficiary Registry and DBT Specialisation	Social Protection Specialist	4	10	2
Resource Mobilisation and Fiscal Management	Macroeconomic and Fiscal Management Specialist	3	16	1
Procurement	Procurement Specialist	2	4	1
IT related aspects	IT specialist	4	3	1