



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 12-May-2017 | Report No: PIDISDSA21607



BASIC INFORMATION

A. Basic Project Data

Country Central African Republic	Project ID P161730	Project Name Public Expenditure and Investment Management Reform Project	Parent Project ID (if any)
Region AFRICA	Estimated Appraisal Date 04-May-2017	Estimated Board Date 26-Jun-2017	Practice Area (Lead) Governance
Financing Instrument Investment Project Financing	Borrower(s) Central African Republic	Implementing Agency Ministry of Finance and Budget	

Proposed Development Objective(s)

To improve management and transparency of public expenditures and public investments

Components

Management and Transparency of Public Expenditures
 Management and Transparency of Public Investments
 Project Management

The processing of this project is applying the policy requirements exceptions for situations of urgent need of assistance or capacity constraints that are outlined in OP 10.00, paragraph 12.

Yes

Financing (in USD Million)

Financing Source	Amount
IDA Grant	10.00
Total Project Cost	10.00

Environmental Assessment Category

B - Partial Assessment

Decision

The review did authorize the preparation to continue



Other Decision (as needed)

B. Introduction and Context

Country Context

- 1. The Central African Republic (CAR) is a landlocked and highly fragile country with a history of recurrent conflict and domestic political instability.** Most recently, the Central Africa Republic underwent a civil war and widespread sectarian violence following the fall of the Bozizé régime in March 2013. As a result of the conflict, roughly one-quarter of the population was internally displaced or had to flee as refugees to neighboring countries. While active conflict has now largely come to an end, CAR remains politically fragile, with armed groups still present on the territory and relations between communities remaining tense. As noted by the National Recovery and Peace Building Plan 2017-21 (RCPCA), fragility in CAR stems not only from the most recent crisis, but also from the long-term deterioration of the economic, social, governance, and security situation.
- 2. Since the end of the crisis, a progressive return to political stability has brought a significant opportunity to consolidate peace, building stability and resilience, as well as lay the groundwork for economic recovery and development.** The peaceful transition from transition President, Catherine Samba-Panza, to democratically elected President, Faustin Archange Touadera, inaugurated on March 30, 2016, and the parliamentary elections held on March 31, 2016, marked the end of a political transition, giving CAR an opportunity to overcome the highly fragile situation which has prevailed for many years. The new Constitution, adopted during the December 13-14, 2015 referendum, includes provisions for the election of local authorities, introduces a second chamber (Senate) to the Parliament, limits the president's tenure to two terms, establishes mechanisms to fight institutional corruption, and includes provisions for the declaration of assets by high-level officials. As security and humanitarian conditions have stabilized, early signs of an economic recovery have emerged: macroeconomic balances are slowly moving closer to an equilibrium; private investment has attained pre-crisis levels; public services have been gradually restored nationwide; and aid flows have turned attention to development challenges.
- 3. Originally considered an aid orphan, CAR is currently heavily reliant on support from the international community, with emergency aid gradually giving way to long-term development assistance.** At a donor conference in Brussels held on November 17, 2016, the international community pledged an unparalleled US\$2.2 billion to cover the most urgent needs and priorities for the period 2017-2021 as reflected in a prioritized, sequenced, and costed National Recovery and Peacebuilding Plan, the RCPCA. This five-year plan is based on a gradual increase of development aid, a progressive improvement of the security situation, the gradual redeployment of public administration throughout the country, and steady increase of fiduciary, administrative, and absorptive capacity required for the government to take full charge of its implementation. In particular, the RCPCA is structured around three priority pillars: (i) Promote peace, security, and reconciliation; (ii) Renew the social contract between the state and the population; and (iii) promote economic recovery and boost productive sectors. The RCPCA also includes a number of cross-cutting themes as critical in addressing drivers of fragility, conflict, and violence, including promoting gender equality in all interventions.



Sectoral and Institutional Context

4. In order to successfully implement the RCPCA's strategic objectives, the government of CAR will need to address key weaknesses, which impede the management of public finances as well as the country's capacity to absorb the added resources provided by the RCPCA. Based on analytical work prepared with the support by development partners including the World Bank and the International Monetary Fund (IMF), the authorities implemented a 2016-17 Public Financial Management (PFM) reform plan organized around five pillars: (i) revitalizing revenues; (ii) securing and managing the state treasury; (iii) unblocking and normalizing budgetary management; (iv) reestablish trust in fair accounting; and (v) reestablish the credibility of the state. While the authorities have implemented a number of these reforms in a challenging context and with limited capacity¹, several mutually-reinforcing challenges in the PFM environment persist, which urgently need to be addressed.

5. A 2017-20 PFM reform action plan focusing on consolidating basic PFM functions is under preparation. With support from the World Bank and the IMF, the authorities have prepared a new 2017-20 PFM reform action plan organized around four pillars: (i) introduce good governance of public finances; (ii) continue efforts to mobilize resources; (iii) improve the credibility of the budget; and (iv) strengthen the treasury function. The reforms are building on recent achievements in public financial management. The focus on the reforms in the short to the medium term is on consolidating basic functions to improve budgeting, budget execution, accounting and reporting, public investment management, internal and external oversight. Emphasis is also given to increasing revenue mobilization. Transparency and improved access to information to the public are cross-cutting areas of reform.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

To improve management and transparency of public expenditures and public investments

Key Results

6. Project Development Indicators are:

- Percentage (in value) of exceptional expenditures, excluding salaries and debt (Baseline: 27 percent in 2016; Target: 15 percent in 2021).
- Timely submission of annual financial statements (*Compte de Gestion, Compte Administrative, and Loi de Règlement*) (Baseline: Backlog 2009-16; Target: Submission of annual financial statements to Court of Auditors within 9 months and to Parliament within 12 months of the end of the fiscal year in 2021)².

¹ Over the period there have been some improvements in terms of cash management, accounting, reporting and transparency. Internal arrears have been contained and the authorities have started paying accumulated arrears of salaries and pensions. The total level of spending, including salaries and debt, using extraordinary procedures was reduced to about 7.9 percent in the third quarter of 2016. Improved human resources management have contributed to contain expenditures, to ensure timely payment of salaries and for the resumption of work of a large number of civil servants. The authorities have started publishing budget expenditure reports and the draft and enacted budget.

² The current organic finance law stipulates that the submission to Parliament of annual financial statements of year N should



- Transparency composite indicator (Composite indicator Specific to the Central African Republic based on 21 core budget reports³. Baseline: 7 (2016); Target: 15 in 2021).
- Investment Budget Execution Rate (Baseline: 39 percent in 2016; Target: 50 percent in 2020).

D. Project Description

7. The proposed operation, the Public Expenditure and Investment Management Reform Project (PEIMRP), will adopt a problem-driven iterative approach (PDIA) to address key binding constraints that affect the Government's institutional capacity to better manage expenditures as well as strategic planning and oversight capacities. As noted in the preceding sections, key constraints that the project will address include the following: (a) inadequate budget planning, management, and execution; (b) inadequate procurement capacity; (c) need for an improved FMIS; (d) inadequate treasury management, accounting, and external oversight capacities; and (e) need to improve public investment management to increase absorptive capacity. To this end, the project is structured around three components: (i) management and transparency of public expenditures; (ii) management and transparency of public investments; and (iii) project management.

8. With respect to the management of public expenditures, component 1 of the project aims at consolidating core functions across the expenditure chain, from budgeting to oversight. To this end, the component will provide support for strengthening the budget preparation, management, and execution process to improve budget predictability and credibility. Capacity-building activities and TA will be provided for the improvement of procurement, treasury, and wage bill management, as well as for improved internal control and external oversight functions. Likewise, Component 1 will provide training to civil servants engaged in key PFM activities, including accounting, cash management, budgeting, procurement, and public investment management. Finally, the component will support improvements to the existing but outdated budget and accounting information management system to stabilize its functioning over the next two to three years.

9. In addition to addressing expenditure management, the operation aims to enhance the overall capacity for public investment management Component 2. Given the weaknesses encountered in investment planning and its subsequent execution, this component will finance the operationalization of the RCPCA Secretariat, established to enhance the country's ability to coordinate development assistance, and respond to strategic priorities as outlined in the National Strategic Plan. In parallel, this component will finance the strengthening of the MEPC. Finally, this component will complement ongoing and new activities funded by the World Bank and other development partners. Support will target strengthening strategic planning, project preparation, coordination, M&E, including citizen's engagement, and transparency of public investments.

10. Cutting across these two components, project activities will support enhanced transparency and accountability, capacity building in core PFM functions, and project management. First,

occur during the first Parliamentary session in year N+1. The target of the indicators has been set to be aligned with the provisions of the CEMAC organic finance law which stipulates that the submission to Parliament of annual financial statements of year N should occur by the end of year N+1.

³ In the absence of a recent PEFA and given that there is not Open Budget Index for the Central African Republic as it is not yet member of the Open Budget Initiative a transparency composite indicator has been defined. The detailed definition is presented in the results framework in Section VII.



transparency will be monitored by a PDO indicator that tracks the production of key documents for public disclosure, to improve transparency and oversight functions of key accountability institutions. Second, the project will address capacity building in a sustainable manner by providing training to civil servants in a structured manner and which could involve national training institutions, including the ENAM which can provide ongoing and customized capacity building for core PFM functions. Finally, the project will provide overall support for project management under Component 3, which will enable the operationalization of a dedicated project implementation unit under the Ministry of Finance, as well as provide for a contingency fund for unexpected studies and TA to allow for PDIA.

Component 1: Management and Transparency of Public Expenditures (US \$5,000,000)

11. This component of the project aims to consolidate core functions across the expenditure chain, from budgeting to oversight. The activities that will be supported under this component are highly related to activities supported under Component 2 including the support to the RCPCA Secretariat, to improve planning and M&E as well as to strengthen public investment management. The support will be complementary to activities funded by other development partners such as the IMF and AFRITAC, the EU, the AfDB, and France.

Component 2: Management and Transparency of Public Investments (US \$4,000,000)

12. Given the weaknesses encountered in investment planning and its subsequent execution, this component aims to improve the performance of the public administration in managing public investments and development assistance. This component will complement on-going activities funded by the World Bank and on-going and new activities from other development partners. Support will target strengthening strategic planning, project preparation, coordination, M&E, including citizen's engagement, as well as transparency of public investments and development assistance.

Component 3: Project Management

13. This final component aims to support the project management functions of the government, particularly the Ministry of Finance and Budget, in implementing the proposed project.

E. Implementation

Institutional and Implementation Arrangements

14. The project will be implemented under the overall leadership of the MFB and the MEPC. A project steering committee will be established by an Inter-Ministerial Decision of the Minister of Finance and Budget and the Minister of Economy, Planning, and Cooperation. The steering committee will be chaired by a representative of the MFB and co-chaired by a representative of the MEPC. It will be composed of representatives of key beneficiaries. This committee will meet at least two times per year and will review and approve the annual work program and budget of the project as well as ensuring coordination across sector during the implementation of the project.

15. A project management unit (PMU) dedicated to the implementation of the project including its fiduciary management will be established by a Ministerial decision within the Ministry of Finance and Budget, with a direct reporting line to the Minister of Finance and Budget. The PMU will be



composed of nominated personnel with qualifications acceptable to the World Bank. The PMU will be composed of a minimum: (i) a project manager; (ii) a deputy project manager with a specific responsibility for overseeing the implementation of the activities in Component 1 of the project; and (iii) a manager with a specific responsibility of overseeing the implementation of activities in Component 2 of the project. The fiduciary staff and safeguards staff, a Procurement officer, a Finance Officer and an environmental and social specialist, will be consultants recruited on a competitive basis and with terms of references, qualifications and experience acceptable for the World Bank. The PMU will be fully responsible for project implementation including fiduciary management and will be established and staffed prior to effectiveness of the project.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

Bangui, 16 prefectures of CAR

G. Environmental and Social Safeguards Specialists on the Team

Cheikh A. T. Sagna, Benjamin Burckhart, Emeran Serge M. Menang Evouna

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	This policy is triggered as the project activities to be financed are expected to have environmental adverse impacts. The activities that could generate adverse impacts are the following: rehabilitation of the state building that will house the RCPCA secretariat; rehabilitation of the building of the Court of Auditors in Bangui, digging trenches in urban areas of Bangui to deploy a fiber optic cable on approximately 2km distance, rehabilitation activities of public buildings used by Ministry of Finance and Budget as well as Ministry of Economy and Planning staff in each of the abovementioned five urban regions (Mbaïki, Berberatti, Bouar, Kaga Bandoro and Bambari). As the locations of these activities are known, specific Environmental and Social Management Plans (ESMPs) will be prepared and disclosed in-country and at the World Bank, no late than four months after effectiveness.



Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	Yes	This policy is triggered digging activities under the optic fiber works will involve excavation and movement of earth with possible physical cultural resources. The ESSAP and ESMPs will include clear chance-finds procedures required for identification, protection of cultural property from theft, and treatment of discovered artifacts that may be identified during implementation.
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	No	
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The environmental potential risks and impacts of the project foreseen activities are not anticipated to be large scale due to the scope of the proposed activities. The impacts will be site specific, and mainly easily manageable. Two environmental safeguards policies are triggered: OP 4.01 (Environmental Assessment); OP 4.11 (Physical Cultural Resources). The activities that could generate adverse impacts are the following: rehabilitation of the state building that will house the RCPCA secretariat; rehabilitation of the building of the Court of Auditors in Bangui, digging trenches in urban areas of Bangui to deploy a fiber optic cable on approximately 2km distance, rehabilitation activities of public buildings used by Ministry of Finance and Budget as well as Ministry of Economy and Planning staff in each of the abovementioned five urban regions (Mbaïki, Berberatti, Bouar, Kaga Bando and Bambari).

Nevertheless, previous experiences showed that as the installation of optic fiber cable connections involved the digging of trenches one meter deep, as well as using machinery to burrow under and around buildings and streets may cause traffic disruptions in the city center as well as the creation of dust, debris, and noise. In addition, the installation of such network may involve the temporary relocation of informal vendors until the work is completed. The work on public administration buildings could result in the temporary relocation of civil servants working in the buildings. In the case of the building of the Court of auditors, a Non-governmental organization (NGO) is using the upper floor of the building. In the framework of the renovation of this building, temporary relocation of the NGO could be necessary.



2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
It is not anticipated to have potential long term indirect negative impact. Due to temporary traffic disruption, vehicles will use alternative roads that will increase potential traffic jam.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
None.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.
Given the emergency situation in CAR and the country's relative fragility, and the limited technical capacity in the country, management decided to defer the preparation of safeguards instruments prior to project implementation. Consequently, and in light of the provisions of paragraph 12 of OP/BP 10.00, an Environmental and Social Safeguards Action Plan (ESSAP), consistent with the World Bank operational policies and procedures for investment operations, Projects in Situations of Urgent Need of Assistance or Capacity Constraints, was prepared. The objective of the ESSAP is to ensure that planned project activities and related social and Environmental assessment and management instruments and processes meet the required technical quality and are in compliance with the national legislation of CAR and the World Bank's operational safeguards policies and standards.

As an emergency operation, a site specific Environmental and Social Management Plan (ESMP) preparation will be deferred no later than 4 months after effectiveness. At the same time, prior to project implementation, the implementing unit will agree to apply the following minimum standards during implementation: Inclusion of standard Environmental Codes of Practice (ECOP) in the rehabilitation, improvement and construction bid documents of all activities; review and oversight of any major reconstruction works by specialists; implementation of environmentally and socially sound options for disposal of debris; and provisions for adequate budget, grievance redress mechanism and satisfactory institutional arrangements for monitoring effective implementation. The PMU will hire an environmental and social specialist who will be responsible for following up on all safeguards concerns and would also ensure that all safeguard screening and mitigation requirements to each subproject will be applied. The overall responsibility for the implementation of the above described safeguards instruments and processes will be with the project implementation unit, institutionally the team under the Ministry of Finance and Budget) will be responsible for compliance with environmental and social regulations and safeguards compliance.

The Government will ensure that the translated ESSAP are shared with the main stakeholders, project affected-people, concerned non-governmental organizations and development partners.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.
The key stakeholders will consist of Ministry of Finance and Budget as well as Ministry of Economy and Planning staff, the Court of Auditors staff, MINUSMA, UNOPS, project-affected groups in the five urban region cities, local non-governmental organizations persons, and development partners, upon project approval and will be disclosed.

Consultation: To ensure an effective consultation process, the PMU will prepare a consultation plan that will be implemented during the project implementation including during the preparation of each specific ESMP. A particular attention will be given for the trenches digging within Bangui. All consultation will be adequately documented. The implementing agency will initiate these public consultations as early as possible: To ensure a, meaningful



consultations, relevant material in a timely manner prior to consultation, in a form and language (s) that are understandable and accessible to the groups being consulted will be provided. The ESMPs will be disclosed after Bank review as final draft versions, for a period no less than 30 days, during which the Recipient will organize consultations.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank 01-Nov-2017	Date of submission to InfoShop 30-Nov-2017	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
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"In country" Disclosure

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?

No

OP/BP 4.11 - Physical Cultural Resources

Does the EA include adequate measures related to cultural property?

No

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?

NA

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?

NA

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

NA



All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

CONTACT POINT

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APPROVAL

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Note to Task Teams: End of system generated content, document is editable from here.