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Report No: PAD1357

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL GRANT

IN THE AMOUNT OF SDR 7.3 MILLION
(US$10 MILLION EQUIVALENT)

TO THE

CENTRAL AFRICAN REPUBLIC

FOR AN

EMERGENCY PUBLIC SERVICES RESPONSE PROJECT

April 30, 2015

Governance Global Practice
Africa Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective March 31, 2015)

Currency Unit = US$
US$1 = SDR 0.72490558

ABBREVIATIONS AND ACRONYMS

AfDB	African Development Bank
AU	African Union
BEAC	Bank of Central African States *(Banque des Etats d'Afrique Centrale)*
CAR	Central African Republic
CEMAC	Central African Monetary and Economic Commission *(Commission Economique et Monétaire d'Afrique Centrale)*
CS REF	Monitoring Unit of the Economic and Financial Reform *(Cellule de Suivi des Réformes Economiques et Financières)*
DDR	Disarmament, Demobilization, and Reintegration
ECCAS	Economic Community of Central African States
EPSRP	Emergency Public Services Response Project
EU	European Union
EUFOR CRA	European Forces in CAR
FACA	Armed Central African Forces *(Forces Armées de Centrafrique)*
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
Ges'Co	Computerized Financial Management System
GRS	Grievance Redress Service
HIPC	Heavily Indebted Poor Country Initiative
HR	Human Resources
IDA	International Development Association
IMF	International Monetary Fund
IPPF	Indigenous Peoples Planning Framework
IRI	Intermediate Response Indicator
ISR	Implementation Status and Results
IT	Information Technology
MINUSCA	Multidimensional Integrated Stabilization Mission in CAR
MISCA	International Support Mission in the Central African sub Conduct *(Mission Internationale de Soutien à la Centrafrique sous Conduite Africaine)*
MoF	Ministry of Finance
NGO	Nongovernmental Organization
NTC	National Treasury Council
OP	Operational Policy
PDO	Project Development Objective
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
SORT	Systematic Operations Risk-Rating Tool
SPF	State-building and Peace-Building Funds
UN	United Nations
UNDP	United Nations Development Program
WB	World Bank

WDR	World Development Report

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CENTRAL AFRICAN REPUBLIC

EMERGENCY PUBLIC SERVICES RESPONSE PROJECT - ADDITIONAL FINANCING

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ADDITIONAL FINANCINGDATA SHEET

Central African Republic

Emergency Public Services Response Project (P154304)

AFRICA

GGODR

Basic Information – Parent			
Parent Project ID:	P149884	Original EA Category:	C - Not Required
Current Closing Date:	12-Dec-2015		

Basic Information – Additional Financing (AF)			
Project ID:	P154304	Additional Financing Type (from AUS):	Scale Up
Regional Vice President:	Makhtar Diop	Proposed EA Category:	
Country Director:	Gregor Binkert	Expected Effectiveness Date:	18-Jun-2015
Senior Global Practice Director:	Mario Marcel Cullell	Expected Closing Date:	31-Dec-2017
Practice Manager/Manager:	Renaud Seligmann	Report No:	PAD1357
Team Leader(s):	Kolie Ousmane Maurice Megnan, David Tchuinou		

Borrower				
Organization Name	Contact	Title	Telephone	Email
Central African Republic	Remy Yakoro	Minister of Finance		

Project Financing Data - Parent (CF-Emergency Public Services Response Project-P149884) (in USD Million)

Key Dates

Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date
P149884	IDA-54370	Effective	24-Apr-2014	05-May-2014	12-May-2014	12-Dec-2015	12-Dec-2015
P149884	IDA-H9400	Effective	24-Apr-2014	05-May-2014	12-May-2014	12-Dec-2015	12-Dec-2015

Disbursements

Project	Ln/Cr/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P149884	IDA-54370	Effectiv	XDR	4.00	4.00	0.00	2.83	1.17	70.63

		e							
P149884	IDA-H9400	Effectiv e	XDR	15.50	15.50	0.00	15.50	0.00	100.00

Project Financing Data - Additional Financing Emergency Public Services Response Project (P154304)(in USD Million)

[ ]	Loan	[ ]	Grant	[X]	IDA Grant
[ ]	Credit	[ ]	Guarantee	[ ]	Other

Total Project Cost:	10.00	Total Bank Financing:	10.00
Financing Gap:	0.00		

Financing Source – Additional Financing (AF)	Amount
BORROWER/RECIPIENT	0.00
IDA Grant	10.00
Total	10.00

Policy Waivers

Does the project depart from the CAS in content or in other significant respects?	No
Explanation	
Does the project require any policy waiver(s)?	No
Explanation	

Team Composition

Bank Staff

Name	Role	Title	Specialization	Unit
Kolie Ousmane Maurice Megnan	Team Leader (ADM Responsible)	Sr Financial Management Specialist		GGODR
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Sylvie Munchep Ndze	Team Member	Program Assistant		AFCC1

Extended Team

Name	**Title**	**Location**

Locations

Country	**First Administrative Division**	**Location**	**Planned**	**Actual**	**Comments**
Central African Republic	Bangui	Commune de Bangui	X		Bangui and All Other Locations

Institutional Data

Parent (CF-Emergency Public Services Response Project-P149884)

Practice Area (Lead)

Governance

Contributing Practice Areas

Cross Cutting Topics

[ ] Climate Change

[X] Fragile, Conflict & Violence

[ ] Gender

[ ] Jobs

[ ] Public Private Partnership

Sectors / Climate Change

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Public Administration, Law, and Justice	General public administration sector	89		
Public Administration, Law, and Justice	Central government administration	11		
Total		100		

Themes

Theme (Maximum 5 and total % must equal 100)

Major theme	Theme	%
Public sector governance	Administrative and civil service reform	100
Total		100

Additional Financing Emergency Public Services Response Project (P154304)

Practice Area (Lead)

Governance

Contributing Practice Areas

Cross Cutting Topics

[ ] Climate Change

[X] Fragile, Conflict & Violence

[ ] Gender

[ ] Jobs

[ ] Public Private Partnership

Sectors / Climate Change

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Public Administration, Law, and Justice	General public administration sector	100		
Total		100		

Themes

Theme (Maximum 5 and total % must equal 100)

Major theme	Theme	%
Public sector governance	Public expenditure, financial	100

	management and procurement	
Total		100

Consultants (Will be disclosed in the Monthly Operational Summary)
Consultants Required? Consultants will be required.

I. Introduction

1. **This project paper seeks the approval of the World Bank Group (WBG) Executive Directors for an additional International Development Association (IDA) grant in the amount of SDR 7.3 million** (US$10 million equivalent) to the Central African Republic (CAR) for financing of the Emergency Public Services Response Project (EPSRP), P149884 (IDA Credit No. 5437 CF and IDA Grant No. 940 CF), as well as an extension of the closing date of the original project from December 12, 2015, to December 31, 2017. This extension will allow the completion of critical public financial management (PFM) technical assistance to strengthen domestic revenue collection and tighten controls in the expenditure chain. This will provide additional fiscal space, increase transparency and further sustainability of project outcomes.

2. **The Additional Financing is requested at a sensitive and critical period for the CAR.** Legislative and presidential elections are scheduled to take place before the term of the current transitional government ends in August 2015. During this sensitive transition, assuring the payment of salaries to public servants is critical. Although there have been encouraging improvements in domestic revenue mobilization, a fiscal gap remains, and the World Bank's continuing support to fund civil service salaries will be essential in order to maintain gains in core government functions and basic EPSRP-initiated service delivery. Therefore**, the proposed Additional Grant will finance the (a) Government of CAR recurrent costs for eligible civil servants of the non-security sectors; and (b) continuation of technical assistance activities to scale up the achievements of the EPSRP on: (i) strengthening the revenue-generating directorates; (ii) supporting the integrity of the payroll and physical verification of civil servant attendance; and (iii) consolidation of basic controls over the expenditure chain and cash management of public finances**. These activities are expected to increase the project's overall impact and development outcomes and further support the Government in gaining additional fiscal space.

3. **The requested Additional Financing will complement the interventions of other development partners,** particularly those of African Development Bank (AfDB), European Union (EU), French Cooperation, International Monetary Fund (IMF), and United Nations Development Program (UNDP) as summarized in Table 2 and Annex 6.

4. **The proposed Additional Financing meets the requirements of the Operational Policy (OP) 7.30, paragraph 5.** The following key developments since the preparation of the original EPSRP were considered:

(a) Previous transition authorities were replaced in March 2014, and the new authorities have a more inclusive and technocratic profile.

(b) There is stronger political backing from the international community to the new authorities, including at the African Union (AU) and United Nations (UN) level; in particular, the transition government is backed by the international community under the provision of the UN Security Resolution 2149 of April 2014 and has the legal authority to organize the August elections, in which transition leaders will not participate.

(c) There is a significantly reinforced and diversified presence of stabilization forces under the UN Security Council umbrella.

(d) There is a strong mobilization by the donor community to help the transition move ahead.

5. This combination of circumstances enhances the potential of the new transition authorities to exercise effective control of the country, and to enjoy a degree of stability and public acceptance. Conversely, the lack of Bank support and other development partner support for the ongoing re-establishment of a visible functioning state could jeopardize the fragile gains recently achieved by the transition authorities in terms of stabilization and security. Based on the foregoing, the circumstances related to the five criteria that need to be weighed under OP 7.30 in respect of new operations are deemed to be met with respect to this Additional Financing.

II. Background and Rationale for Additional Financing in the Amount of USD$10 Million

6. **The original EPSRP was signed on May 5, 2014, with an IDA credit in the amount of SDR4 million (US$6.1 million equivalent) and an IDA grant for SDR15.5 million (US$23.9 million equivalent).** It became effective on May 12, 2014. The project was prepared in a context of urgent need for assistance under severe capacity constraints, which still remains in spite of the gradual but slow improvements in the security situation and a sluggish economic recovery. The project was designed as a quick response in a situation of conflict and violence, building on the experience outlined in the 2011 World Development Report (WDR) on security and development.[1] In particular, it financed the re-establishment of an operational government payroll and related financial management systems. It intended to prevent further deterioration of conditions in CAR with potentially devastating negative externalities for the Central African sub-region. Sending early signals of normalization was important as emergency recovery interventions go hand in hand with expanded peacekeeping and humanitarian support.

7. **The EPSRP has two components: (a) payment of current salaries and (b) technical assistance to core structures in the Ministry of Finance and Budget and the Ministry of Public Service.** The project supports: (i) an update of the human resources (HR) and payroll databases with the view to establish the basis for an improved civil service management system, including the integration of civil service files and payroll into a single computerized database; (ii) financing of current civil servant salaries upon production of certificates of presence at the jobsites; (iii) strengthening of the revenue-generating directorates so as to enable the Government to gain additional fiscal space; and (iv) re-establishment of basic control over the expenditure chain and cash management.

8. **The original project has achieved highly positive results.** The two Implementation Status and Results (ISR) missions rated the progress achievement of the project development objective (PDO) as “satisfactory” and the overall implementation progress as “highly satisfactory”. The four core Project Development Objective (PDO) indicators have exceeded the end-target values, particularly the percentage of teachers, health workers, and civil servants from the revenue-generating directorates who resumed work (See Annex 1 on results indicators). The project also helped to reduce the size of the civil service by 5.5 percent between April 2014 and December 2014, including retirees and deceased individuals. It is expected that an additional 5 percent of personnel could be removed from the payroll database once the ongoing reforms are fully implemented. These particular personnel receive no salary but continue to remain in the payroll database because the Litigation Committee has not cleared their cases. Overall and with

[1] The 2011 WDR highlights the fact that the risks of violence are greater when high stresses combine with weak capacity or lack of legitimacy in key national institutions.

implementation of EPSRP, a saving of US$4.8 million[2] has been realized and the wage-to-GDP ratio declined from 7.1 percent of GDP in 2013 to 6.4 in 2014.

9. **The Government has made progress to regain control of public finances, close the financing gap and pay salaries on time. It has also advanced the political transition**, including through a national dialogue that started with country-wide consultations in January-February 2015, and will culminate with a national Forum to be held in Bangui in early May. Presidential and legislative elections are scheduled to take place by August 2015, and are being actively prepared with strong partner assistance. The 2015 budget sets a path for a return to fiscal sustainability in the medium term, but fiscal tensions remain and threaten to derail the whole process if they are not properly addressed with continued partner support. CAR authorities are aware of the need to adopt policies that support urgent needs, foster growth and reduce poverty in the medium term. In the short term, the priorities are as follows: (i) rationalization of the wage bill and continuation of the clean-up of the civil service roster; (ii) strengthening the treasury management and alignment of spending with available resources; and (ii) reduction of tax exemptions. In the medium term, reforms will be centered on measures to lift the Kimberley Initiative suspension, and to revise taxation in the mining and forestry sectors.

10. **Despite the progress made, the recovery remains fragile and additional financial and technical support from the World Bank and other donors is needed to consolidate the macroeconomic outlook and close the 2015 financing gap.** Prospects for 2015 are expected to improve, but public finances will continue to be under stress. Real growth is projected at 5.7 percent for 2015 assuming a quick return of security as the peacekeeping forces are deployed throughout the country, public services are delivered, internally displaced people return, and production in the agriculture and mining sectors resumes. The budget will remain under tight constraints. The financing gap, after budget support contributions from partners, including the World Bank and amounting to about US$90 million, remains significant at US$29 million or 1.5 percent of the GDP. Closing this gap will require continued support from the donor community and CAR partners.

11. **The proposed Additional Financing will help maintain and scale up the achievements of the original project, which has provided critical support to prevent further deterioration of the macro-fiscal environment.** Such deterioration could result in loss of confidence in the peace process, reduce state legitimacy, and increase social tensions. As such, the Additional Financing will build on the positive results of the project to date. The scale up of the project could result in benefits such as doubling the proportion of teachers and health workers (from 30 to 60 percent) resuming work not only in three districts as planned in the parent project but in selected districts where security has improved; further reduction in the lead time between planned and actual pay date (from 15 to 10 days); an increase in the number of civil servants removed from the payroll, thus providing additional recurrent savings; and reduction in the backlog for production of financial statements by the Treasury.

12. **Progress toward restoring confidence in legitimate state structures and helping the Government collect sufficient tax revenues to cover recurring costs needs to be consolidated.** This consolidation will create more fiscal space for the country to finance the emergency program. For that reason, the Additional Financing would complement other

[2] This saving (0.3 of GDP) results from the reduction of the size of the civil service and also to the suspension of salaries and allowances unduly paid to civil servants.

development partner contributions in order to support the Government to meet its financial obligations toward the civil service salaries for the months of June and July 2015[3], while collection of revenues will pick up as post-election security improves. The Additional Financing combined with the remaining funds from the original EPSRP would also pursue technical assistance to key directorates for two additional years. This will help consolidate the ongoing results and prepare the transition from post-crisis recovery to development.

13. **Beyond the proposed Additional Financing, the coordination of development partner financial and technical support through the donor coordination committee set up in December 2010 is critical.** With regard to financing support, on March 18, 2015, the IMF Board approved the second tranche of the Rapid Credit Facility (US$7.63 million). A new Poverty Reduction and Growth Facility could be considered after the CAR presidential elections. Other donors are committed to contributing in 2015, with proposals to be confirmed as presented in Table 2. The Additional Financing will therefore complement other donors' contributions. With regard to technical assistance support, Annex 6 shows the complementarity of the planned activities.

Table 2: Financing of Budget Expenditures by Technical and Financial Partners in 2015

Partners	***Expected disbursements in 2015 (US$ million)***	***Type of financing***
European Union	30.0	Priority spending to be defined
World Bank	10.0	Payment of salaries, excluding security forces
AfDB	10.0	Budget support
IMF	7.63	Balance of payments support
France	14.4	Budget support
UNDP	0.8	Payment of salaries of the security forces, excluding the army
Congo	10.0	Debt consolidation
BEAC	7.8	Debt consolidation
CEMAC Development Bank	0.4	Debt consolidation
Total	**91.03**	

Source: Staff calculations

[3] The number of months of salary paid depends on (a) the available IDA envelope; (b) the level of domestic resources mobilization; (c) other partner resources available; and (d) the size of the payroll and debt obligations.

14. **The overall sustainability of project outcomes depends upon continued success in security improvement and the pace of the peace and reconciliation process.** However, government capacity to finance its recurrent costs with domestic revenues to restore vital public services remains critical. In light of the original EPSRP, the Government's ability to cover eligible non-security civil servants salaries has improved, and any disruption could affect this positive trend (refer to Figure 1). It is expected that CAR authorities will collect 6.7 percent of GDP in tax revenues, and salaries will represent 5.2 percent of GDP in 2015. The sustainability of the macroeconomic framework will continue to be closely monitored by IMF and the World Bank.

15. **The economic and financial benefits from the Additional Financing are expected to have a multiplier effect greater than the US$10 million investment**. For an investment of US$800,000 made to update the payroll/HR databases, the return was US$4.8 million in 2014 as per November 2014 estimates. The regular payment of salaries directly benefited 29,535 public officials. The resumption of economic activities resulting from the payment of salaries helped increase aggregate demand and avoid social strikes. In addition, the outcome of the support to the revenue-generating directorates under the original project demonstrated that it is economically justifiable given its contribution to the positive trend of domestic revenue collection. Likewise, it is expected that the Additional Financing will have comparable economic and financial impact, subject to the improved security situation. Under the Additional Financing, it is expected that the resources allocated for follow-up of the work-force "cleanup" process (US$900,000) will help to reduce the size of the civil service by an additional 5 percent.

16. **The proposed Additional Financing meets all of the requirements in paragraph 29 of OP 10.00, *Investment Project Financing.*** The project is in compliance with all dated legal covenants, including audit and financial management reporting requirements. There are no overdue or qualified audit reports. The procurement plan and use of project funds were both reviewed in detail in December 2014 to clarify the current status of all contracts and unused funds. Financial management and procurement have been rated "satisfactory". The required Indigenous Peoples Planning Framework (IPPF) triggered as part of OP 4.10, *Indigenous Peoples*, has been consulted on, adopted, disclosed and implemented.

17. **The Additional Financing will use the current structure and institutional arrangements of the original EPSRP.** Likewise, the financial management and procurement arrangements will remain unchanged under the original project. As of January 31, 2015, the project's disbursement rate stood at 99 percent for the grant (initial allocation of US$23.9 million) and 71 percent for the credit (initial allocation of US$6.1 million).[4]

A. Country Context

18. **With a population of 4.6 million, CAR is one of the poorest countries in Sub-Saharan Africa, despite being endowed with rich forest and mineral resources**. Social indicators place CAR among the least-developed countries. Life expectancy decreased from 51.0 years in 1990 to 49.5 years in 2013. Infant mortality remained almost unchanged from 2008 to 2010 at 115 and 116 deaths per 1,000 live births, respectively; but under-five mortality worsened (179 per 1,000 in 2010 from 173 per 1,000 in 2008), and maternal mortality estimates remain very high at 880 per 100,000 in 2013. CAR was ranked by the Human Development Index at the

[4] As of January 31, 2015 for a total (credit and grant) of US$30 million, the remaining balance is US$2 million.

185th position out of 187 countries in 2014 compared to 180th out of 187 countries in 2010. And with a Gini coefficient of 0.53, the country's measure of inequality is ranked "high". These figures illustrate impacts on the vast majority of the population that lacks access to services and infrastructure. And the low service levels have been exacerbated by the recent political crisis. According to the UN Office for Coordination of Humanitarian Affairs, 2.7 million people in CAR need assistance, of which 443,000 are internally displaced persons.[5]

19. **In March 2013, the so-called "Séléka" rebel group led a coup, following a three month transition when they were part of a 'National Union Government'**. Heads of State of the Economic Community of Central African States (ECCAS) held a crisis summit in N'djamena in April 2013 and endorsed a new set of transitional institutions comprising a Head of State of the Transition, and the National Transition Council (NTC), the legislative body. In July 2013, a Transitional Charter (akin to a transitional constitution) was adopted. The interim President was sworn in on August 18, 2013, which started, under the ECCAS Transition Framework, the countdown to national elections to be held within 18 months, with a possible six month extension. CAR's political situation seriously deteriorated thereafter, with increasing eruptions of violence and looting. Unabated violence precipitated a meeting of the ECCAS heads of state on January 9, 2014 in N'djamena, which accepted the resignation of the transition president and prime minister. Ms. Catherine Samba-Panza, until then mayor of Bangui, was elected by the NTC as the new Head of State of the Transition, a position she still holds. These developments also triggered an extension of the political transition to August 2015 and pushed the legislative and presidential elections from February 2015 to July and August 2015, respectively. On January 16, 2015, a cabinet reshuffle brought a team of reformers to the Ministry of Finance and Budget[6], which will contribute to the implementation of the Emergency Public Services Response Project. During 2007-09, these reformers had led the reforms leading to the Heavily Indebted Poor Country Initiative (HIPC) completion point and had been in charge of initiating the tax collection and payment of public servants' salaries through wire transfers to commercial banks. They had been successful at overcoming significant resistance from vested interests at the time.

20. **The international community has stepped up efforts aimed at restoring peace and security in CAR.** In the immediate aftermath of the coup, an AU peacekeeping mission – *Mission Internationale de Soutien à la Centrafrique sous Conduite Africaine* (MISCA) – was authorized by UN Security Council Resolution 2127 and backed by France. International forces deployed in CAR included former African-led MISCA, French (SANGARIS), and European (EUFOR RCA) troops. To further strengthen the mission, in April 2014 the UN Security Council adopted resolution 2149 which subsumed the UN Integrated Peacebuilding Office in CAR (BINUCA) under the Multidimensional Integrated Stabilization Mission in CAR (MINUSCA) and authorized the deployment of 10,000 military personnel, including 240 military observers, 200 staff officers, and 1,800 police personnel. On September 15 2014, MISCA transferred its authority and troops over to MINUSCA. The MINUSCA mandate includes protecting civilians and monitoring civil rights, assisting a political transition, and supporting humanitarian work.

21. **Security has been improving gradually since the project effectiveness phase and as a result of ongoing deployment of the international peacekeeping force.** The intervention of international forces in the northeast of the country (city of Bria) allowed the authorities to regain

[5] Central African Republic Situation Report No. 48 of February 18, 2015.

[6] The newly appointed Minister was the key person leading the reforms during 2008–2010 and was at the center of the discussions for the HIPC completion point.

control of administrative buildings that had been illegally occupied by armed groups. The new transitional government has made some notable achievements. The improving security situation has prompted the departure of EUFOR RCA and their replacement by EU Military Advisory Mission in the CAR (EUMAM RCA).[7] The transitional government has started a national dialogue process aimed at social and political reconciliation. This included country-wide consultations in January-February 2015, and is scheduled to lead to a National Forum in Bangui, in early May 2015. This will lay the groundwork for national elections scheduled to take place in August 2015.

B. Economic Context

22. **The reverberations of the crisis continue to affect the population, despite a slow economic recovery.** In 2013, the crisis caused a collapse in economic activity with a fall in the Gross Domestic Product (GDP) estimated at 36 percent. The decline was due to the dramatic decrease in food production and extractive activities in mining and forestry, the paralysis of public works and construction, looting of stores, and transportation problems associated with roadblocks along the Garoua-Boulai and Bangui corridor. In 2014, CAR stabilized but did not recover, recording a GDP growth rate of 1 percent, with slower-than anticipated return of security. Economic activity was negatively affected by the delay in the peace and reconciliation process combined with severe security-related business disruptions (for example, the near shutdown of the Douala-Bangui corridor, which generates half of all custom duties). Continued violence in Bangui and across the country has not only deterred business activity but also hindered the return of internally displaced people, who largely work in agriculture and mining (which represent 80 percent of employment in CAR). The cumulative effect of livestock loss disrupted transport and distribution resulted in a spike in inflation to 11.6 percent in 2014 (Table 1).

Table 1: Growth and Fiscal Statistics (Estimates and Projections as of November 2014)

	Estimated		*Preliminary estimate*		*Projected*
	2011	***2012***	***2013***	***2014***	***2015***
Real GDP growth (%)	3.3	4.1	-36.0	1.0	5.7
Inflation (average %)	1.2	5.9	4.4	11.6	5.2
External current account balance (% of GDP)	-7.6	-4.6	-3.0	-6.4	-11.5
Gross official reserves (US$ million)	171.5	175.6	205.8	207.6	205.9
Gross official reserves (months of imports)	3.9	5.6	3.9	4.3	4.3
Nominal exchange rate (LC/US$)	471.9	510	493.9		
Real effective exchange rate (% change per annum)	-1.0	0.2	3.1		
Total government revenue and grants	13.3	16.4	8.4	18.2	16.5
Domestic revenues	*10.8*	*11.5*	*5.7*	*4.9*	*6.7*
Tax revenue	*8.4*	*9.9*	*5.2*	*4.5*	*6.2*
Grants	*2.5*	*4.9*	*2.7*	*13.3*	*9.8*
Total government expenditure	15.7	16.4	14.7	16.0	21.5
Current expenditure	11.1	9.5	12.4	9.8	10.0
o/w Wages and salaries	*4.4*	*4.6*	*7.1*	*6.4*	*5.2*

[7] The EUMAM RCA's mission is to support the Central African authorities in preparing a reform of the security sector, especially with respect to the management of the CAR armed forces (FACA). EUMAM RCA follows the EU military operation in the CAR, which contributed to securing the capital Bangui until March 15, 2015.

Capital expenditure and net lending	4	6.2	1.7	5.5	10.6
Primary fiscal balance	-1.3	0.5	-6.8	-5.0	-4.1
Overall fiscal balance on payment order basis (excluding grants)	-4.9	-4.9	-9.0	-11.	-14.7

Source: Central African Republic Authorities and IMF projections (% of GDP).

23. **Government consumption, supported by the combination of donor contributions and successful implementation of EPSRP, was the main factor that sustained economic activity in 2014.** Despite a decline in the primary sector, reinforced by CAR's suspension from the Kimberley Initiative and the destruction of means of production, growth was sustained by the services sector, which grew 19.5 percent in 2014. Government consumption was the main factor behind this, resulting directly from resumed payment of wages and salaries through the EPSRP and budget support from other partners (AfDB, EU, IMF, and France).

24. **As a result of the weak economic recovery, domestic revenues were lower than originally projected and the fiscal situation remains under pressure.** In 2014, with lingering insecurity, domestic revenues were US$83 million (4.9 percent of GDP), lower than the projected US$103 million (6.4 percent of GDP). This prompted the Government to curtail expenditures, resulting in a primary fiscal deficit of 5.0 percent of GDP (compared with 6.8 percent of GDP in 2013). Despite the reduction of current expenditure, the overall deficit excluding grants deteriorated to 11.1 percent of GDP as a result of low tax revenues (4.5 percent of GDP in 2014 compared to 5.2 in 2013). Large inflows of foreign aid (13.3 percent of GDP) helped transition from a cash budget deficit of 4 percent of GDP in 2013 to a 0.1 percent surplus in 2014, while reducing arrears by 2.1 percent of GDP. The 2015 outlook is subject to risks associated with the slow return of displaced persons and forthcoming elections. Assuming improved security, growth is expected to reach 5.7 percent in 2015, driven by agriculture, timber, and construction. Projections assume a sharp increase of public investment to 10.6 percent of GDP in 2015, compared to 6.2 and 1.7 percent in 2012 and 2013, respectively. The 2015 budget will be tightly constrained and the financing gap, after factoring in forthcoming budget support of about US$90 million, is currently estimated at US$29 million (1.5 percent of GDP), requiring continued support from partners.

25. **Trade has been severely affected.** International trade has been significantly reduced following the ban on diamond exports and low traffic along the Douala-Bangui corridor. CAR recorded a sharp deterioration in the external current account, due to a 36 percent contraction in the volume of goods exports and a 70 percent surge in the volume of goods imports. The latter resulted primarily from humanitarian activities and, therefore, did not translate into any reduction in international reserves, which in fact increased, from 3.9 months of imports of goods and services at the end of 2013 to 4.3 months at the end of 2014. The current account deficit is estimated to have widened to 6.4 percent of GDP in 2014, from 4.6 percent of GDP in 2012 and 3.0 percent of GDP in 2013. Foreign direct investment (FDI) predictably dried up, falling from US$71.4 million in 2012 to just US$1.8 million in 2013 and US$2.2 million in 2014.

26. **CAR's risk of debt distress remains high.** External public and publicly guaranteed debt stood at 27.2 percent of GDP as of September 2013, of which non-Paris Club bilateral creditors accounted for 85.8 percent. Domestic public debt represents 18 percent of GDP and includes outstanding credits to the Government from domestic commercial banks (6.7 percent of the total), government debt with the *Banque des Etats d'Afrique Centrale* (BEAC, 47.5 percent),

and debt to other creditors (45.8 percent). External payment arrears were accumulating even before the crisis.[8] Most official external payments arrears are inherited from the pre-2009 Heavily Indebted Poor Countries and Multilateral Debt Relief Initiative, and the authorities are continuing their efforts to reach an agreement with creditors on remaining balances.

C. Alternatives Considered and Reasons for Rejection

27. All available options for financing the implementation of the additional activities were explored. Additional Financing is considered to be the best alternative to scaling up development effectiveness by ensuring the achievement of the PDO and help the country transition out of the current crisis situation. In particular, the advantage of Additional Financing is that it can build directly on (a) implementation structures/mechanisms, particularly in payroll management; (b) existing technical assistance activities; and (c) fiduciary framework that ascertains the funds are used for intended purposes. Compared to a new operation or development policy lending, Additional Financing can be prepared more rapidly, which is critical given that the country is still in a situation requiring urgent assistance and is experiencing capacity constraints. It can also provide direct capacity injection, which is needed in the CAR context. Maintaining the positive momentum of the results achieved to date is crucial for and beneficial to the country.

D. Strategic Relevance

28. The proposed Additional Financing would not only scale up PFM improvements that the original project is supporting but would also benefit the overall country program since it finances recurrent costs in the social and agriculture sectors where the World Bank has three other ongoing operations. Additional Financing would also support the extension of technical expertise in the Customs Administration, which will ease the implementation of the customs' component of the Central African Monetary and Economic Commission (CEMAC) Transport, the transit facilitation project in CAR. Additional Financing would be consistent with the Government's roadmap (*Feuille de Route*), adopted by the National Transitional Council, with the cross-cutting themes of redeployment of the public administration and improvement of public finances. In particular, the Additional Financing would support rebuilding of the expenditure chain and cash management of the PFM system.

E. Institutional and Implementation Arrangements

29. Implementation arrangements of the original project will be maintained under the Additional Financing. The PFM reform unit, CS REF (*Cellule de Suivi des Réformes Economiques et Financières*), will continue to implement the activities and coordinate with the Directorates from the Ministry of Finance and Budget and the Ministry of Public Service Reforms. CS REF will also continue to be in charge of fiduciary activities. Its current staffing includes (a) coordinator, (b) deputy coordinator, (c) financial management officer, and (d) procurement specialist. This team is conversant with donor procedures since it has implemented three World Bank projects, among which two have closed without major fiduciary issues; and one EU project that is ongoing.

F. Critical Risks and Unforeseen Events

30. **The initial risks related to the inaccurate payroll file and lack of domestic resources**

[8] External payments arrears are with non-Paris Club creditors.

to cover the security forces wage bill were properly mitigated during the implementation of the original EPSRP. Critical risks for the Additional Financing could include continued or worsening insecurity, leading to a collapse of economic activity and of domestic revenue mobilization and to a financing gap for civil service salaries; and shortfall of external disbursements.

31. **With an expected improvement of the security situation following the elections, the economy will recover and domestic revenue collection will pick up.** In such case, the combination of the Additional Financing, domestic revenue collection, and limited additional partner contributions and/or spending cuts would be sufficient to bridge the remaining financing gap. Otherwise, authorities would likely find it challenging to bridge the fiscal gap. If the security stabilizes, in the absence of the Additional Financing, it is likely that salaries will not be paid on time during 2015. This would affect service delivery, reduce state legitimacy and increase social tensions. This may in turn negatively impact the security situation and increase the overall country risk.

32. **The security risk cannot be directly mitigated by this project and is addressed by the on-going political process as well as by the presence of the MINUSCA.** This project will contribute indirectly to mitigate the security risk by improving the social climate and increasing the trust of the population in the ability of the Government to deliver services. The risk related to the financing gap for salaries is being mitigated by: (a) technical assistance provided in revenue-generating directorates; and (b) if necessary, support from the donor community. The risk on the sustainability of capacity-building efforts is being mitigated through competitive recruitment for critical positions and on-the-job training. In addition, the broad strategy for training and personnel deployment has been taken into account in the SPF project. Some specific risks with corresponding mitigation measures are highlighted in the Systematic Operation Risk-Rating Tool (SORT), bearing in mind that not all risks can be fully mitigated and that this remains a high risk intervention in a very difficult context.

III. Summary of Proposed Changes

Summary of Proposed Changes	
The proposed changes introduced under the Additional Financing will involve extension of the existing activities under Component 1 (payment of two months of salaries to eligible civil servants) and Component 2 (Technical assistance to core structures in the Ministry of Finance and Budget and the Ministry of Public Service).	
Change in Implementing Agency	Yes [ ] No [X]
Change in Project's Development Objectives	Yes [ ] No [X]
Change in Results Framework	Yes [X] No [ ]
Change in Safeguard Policies Triggered	Yes [ ] No [X]
Change of EA category	Yes [ ] No [X]
Other Changes to Safeguards	Yes [ ] No [X]
Change in Legal Covenants	Yes [ ] No [X]

Change in Loan Closing Date(s)	Yes [X] No [ ]
Cancellations Proposed	Yes [ ] No [X]
Change in Disbursement Arrangements	Yes [ ] No [X]
Reallocation between Disbursement Categories	Yes [ ] No [X]
Change in Disbursement Estimates	Yes [X] No [ ]
Change to Components and Cost	Yes [X] No [ ]
Change in Institutional Arrangements	Yes [ ] No [X]
Change in Financial Management	Yes [ ] No [X]
Change in Procurement	Yes [ ] No [X]
Change in Implementation Schedule	Yes [ ] No [X]
Other Change(s)	Yes [ ] No [X]

Development Objective/Results

Project's Development Objectives

Original PDO

The project development objective is to re-establish an operational government payroll and related financial management systems.

There is no change to the original PDO.

Change in Results Framework

Explanation:

The PDO indicators will be strengthened by shifting outcome-based indicators from the intermediate results indicators (IRIs) to PDO indicators.

One IRI will be dropped and a new one added. End-targets for some indicators will be adjusted.

Compliance

Covenants - Additional Financing (Emergency Public Services Response Project - P154304)

Source of Funds	**Finance Agreement Reference**	**Description of Covenants**	**Date Due**	**Recurrent**	**Frequency**	**Action**
IDAT	Section	The Borrower shall establish and maintain, at all times, a financial management system including records and accounts, and		☒	CONTINUOUS	New

		shall prepare related financial statements in accordance with accounting standards acceptable to the Bank.				

Conditions

Source Of Fund	Name	Type

Description of Condition

Risk

Risk Category	Rating (H, S, M, L)
1. Political and Governance	High
2. Macroeconomic	High
3. Sector Strategies and Policies	Substantial
4. Technical Design of Project or Program	Substantial
5. Institutional Capacity for Implementation and Sustainability	Substantial
6. Fiduciary	Substantial
7. Environment and Social	Low
8. Stakeholders	Substantial
9. Other	
OVERALL	High

Finance

Loan Closing Date - Additional Financing (Emergency Public Services Response Project - P154304)

Source of Funds	Proposed Additional Financing Loan Closing Date
International Development Association (IDA)	31-Dec-2017

Loan Closing Date(s) - Parent (CF-Emergency Public Services Response Project - P149884)

Explanation:

The loan closing date will be extended from December 12, 2015 to December 31, 2017 to allow for execution of additional activities that will scale up the development effectiveness of the ongoing project.

Ln/Cr/TF	Status	Original Closing Date	Current Closing Date	Proposed Closing Date	Previous Closing Date(s)
IDA-54370	Effective	12-Dec-2015	12-Dec-2015	31-Dec-2017	12-Dec-2015
IDA-H9400	Effective	12-Dec-2015	12-Dec-2015	12-Dec-2017	12-Dec-2015

Change in Disbursement Estimates (including all sources of Financing)

Explanation:

The Additional Financing has added US$10 million equivalent so as to cover two months of salaries and complement the original project in providing technical assistance. While the salaries will be disbursed in 2015, the technical assistance will be spread over two years.

Expected Disbursements (in USD Million)(including all Sources of Financing)

Fiscal Year	2015	2016	2017	2018						
Annual	0.00	8.00	1.50	0.50						
Cumulative	0.00	8.00	9.50	10.00						

Allocations - Additional Financing (Emergency Public Services Response Project - P154304)

Source of Fund	Currency	Category of Expenditure	Allocation	Disbursement %(Type Total)
			Proposed	Proposed
IDAT	USD	Salaries for eligible civil servants goods, operating costs; non-consulting services and consultants' services.	7.30	100.00
IDAT	USD		0.00	0.00
		Total:	7.30	

Components

Change to Components and Cost

Explanation:

The proposed changes introduced under the Additional Financing will involve and impact the following: (a) additional allocation to Components 1 and 2 to provide additional fiscal space and time to embed the reforms initiated under the original project; (b) inclusion of activity under Component 1 related to the acquisition/deployment of a customized HR/payroll system adapted to the country's context; and (c) update on the country PFM strategy system through a Public Expenditure and Financial Accountability (PEFA) assessment to prepare a smooth transition from immediate post-crisis to medium-term recovery and long-term development.

The description of the changes introduced, under the Additional Financing are provided as follows:

Component 1: Payment of Current Salaries.

The additional activities under this component are aligned to those defined in the already existing subcomponents. They will therefore not contribute to triggering a change in the PDO. The Additional Financing will not change the objective of the component; it intends to scale up to achieve greater development impact.

Subcomponent 1.1: Update of the HR/payroll databases. This subcomponent will support the ongoing qualitative activities aiming to finalize the update of the databases with support from UNDP, as under the original project. This will be followed by the acquisition/deployment of a customized and integrated system in line with the recommendation and bidding documents developed by UNDP.

Subcomponent 1.2: Payment of the salaries of eligible civil servants excluding defense and security forces. The original project was designed with the objective of paying four months of salaries to eligible civil servants and the defense and security forces salaries were to be covered by government funds. Police and gendarmerie will continue to be paid by UNDP. The same arrangements will be maintained for the payment of two months of salaries as part of the Additional Financing. Under this subcomponent, the Additional Financing will also support the monthly physical verification of presence performed by the General Inspectorate of Finance.

Component 2: Technical assistance to core structures in the Ministry of Finance and Budget and the Ministry of Public Service.

Subcomponent 2.1: Technical assistance for Customs, Taxation, Payroll, General Inspectorate of Finance and Civil Service. Additional allocation to this subcomponent will cover the Public Treasury Directorate and will be used to extend the contract of the existing technical experts by two more years. With three years of technical assistance (one financed by the original project and two by the Additional Financing) in these core structures combined with on-the-job training for national staff, it is expected that the PFM system will meet basic requirements.

Subcomponent 2.2: Equipment for Customs, Taxation, Payroll, General Inspectorate of Finance and Civil Service. No change will be implemented under this subcomponent.

Subcomponent 2.3: Support to the PFM reform unit (CS REF) and project operating cost. The proposed changes will involve an increase of the existing support to the CS REF by two additional years with the view of overseeing the project activities and the country's economic and governance reform program. In addition, after a cycle of four years of PFM reforms focused on rebuilding the foundations, it will be important to assess progress made over the project's life and draft a new PFM strategy focusing on the next generation of the reforms. To this end a PEFA will be conducted in 2017. It could also support the assessment during the preparation of the Implementation Completion Report (ICR) of the project.

Current Component Name	Proposed Component Name	Current Cost (US$M)	Proposed Cost (US$M)	Action
Payment of current salaries	Payment of current salaries	26.80	34.02	Revised
Technical assistance to core structures in the Ministry of Finance and	Technical assistance to core structures in the Ministry of Finance and	3.20	5.98	Revised

Budget and the Ministry of Public Service	Budget and the Ministry of Public Service			
	Total:	30.00	40.00	

Appraisal Summary

Economic and Financial Analysis

Explanation:

In demonstrating the viability of the Additional Financing, a financial analysis of a few quantifiable benefits was undertaken against the original project costs, using two benefit scenarios: (a) savings in payroll costs arising from payroll cleanup, validation, migration, and interfacing/integration of the payroll system; and (b) savings in financial cost due to inadequate management of tax exemptions.

First, based on analysis from the update of the HR/payroll databases and the physical presence verification undertaken as part the payment process about US$4.8 million were saved on the annual government wage bill by way of reduction of 'ghost' employees and suspension of salaries and allowances unduly paid to civil servants. Second, the impact (2 percent of GDP) of a better management of tax exemptions on cash inflow should be considered in a context of scarce resources. Under the Additional Financing it is expected that the resources allocated for the follow up of the cleanup process (US$900,000) will help to reduce the size of the civil service by an additional 5 percent.

The implementation of this Additional Financing will build on the positive results achieved through the implementation of the parent project. It could lead to a number of benefits that could accrue to the public through a functioning state based on the considerations that: (i) the payment of salaries is critical to the restoration of confidence in legitimate state structures and would allow the State to provide basic services to populations including outside of Bangui as security is progressively back; (ii) the government will start implementing the reforms needed to collect enough tax revenues to cover its operating costs; (iii) the participation of several donors will ensure the payment of salaries over a longer period while the government is fully engaged in stabilizing the economy.

Technical Analysis

Explanation:

The technical features of the Additional Financing rely on the recommendation of the progress reports of the technical assistance contracts signed with (a) UNDP for the update of the HR/payroll databases, and (b) France Expertise International (the former ADETEF) for the support to the Ministry of Finance (Customs, Taxes, and Treasury Directorates) and the Ministry of Public Service.

Social Analysis

Explanation:

Under the original project, the risk associated with the social impact of the project was mitigated by the establishment of Litigation Committees in charge of dealing with all complaints from civil servants who were wrongly affected by the project. The Additional Financing will pursue the funding of this Litigation Committee as complaints may arise. This has worked well; the decisions of the committee were challenged in courts, but they found in favor of the Government in view of the due diligence undertaken. According to CAR authorities, the original project prevented costly litigation as compared to outcomes of the past update of the payroll where thousands of civil servants went to the courts to seek compensations.

In face of the risk that some civil servants might not deliver basic services (e.g. health and education) in areas where indigenous peoples (Baaka) are present, an IPPF was prepared (in line with OP 4.10, Indigenous Peoples) under the original project and incorporated in the Project Implementation Manual. Its related dissemination campaign, started under the original project and covered by the media, was organized with support from the PIU, the Ministry of Social Affairs, and an NGO. It focused on (a) explaining the existence of the Litigation Committee to civil servants from the indigenous community, and (ii) discussing the factors (including the presence of civil servants) affecting service delivery in the Baaka communities This dissemination campaign will be pursued during the Additional Financing in conjunction with other Bank-funded projects in these areas.

Environmental Analysis

Explanation:

The project will remain environmental Category C. No other safeguards policies are triggered.

Risk

Explanation:

The original project risk was rated “High”. The project implemented adequate mitigation measures in the areas of control over the payroll process, and the existence of well-performing technical experts supporting core directorates (particularly the Paymaster General and his Deputy). It also contributed to avoiding social strikes, maintaining peace by ensuring delivery of services (e.g. keeping children in school), and therefore contributing to the security stabilization. However given the volatility of security, the overall risk for this operation remains “High”.

1. Political and Governance

The uncertainty in the transition period and the limited capacity in the context of high insecurity are hindering the governance system. Persistence of hostilities in the capital Bangui demonstrates the fragile nature of the political institutions in place. In other parts of the country, additional insecurity issues persist because of the presence of uncontrolled armed groups. The risk of continuation of large-scale violence remains high. The social fabric of the country has been riven and manipulated by an ethno-religious divide that is most simply described as a north-south split and financial assistance could be vulnerable in terms of being perceived as exacerbating that split. Rating: “High”.

Risk mitigation. The deployment in September 2014 of the UN led-forces: MINUSCA (in Bangui and outside Bangui) is key in the peace-building process. On the political side, the International Contact Group is playing an active role in ensuring that the transition period is on track. As per the last recommendation of the International Contact Group’s 6th meeting, all efforts are being made to organize the presidential elections by the third quarter of the 2015. In parallel the reconciliation process is ongoing with all the parties involved in the conflict. The governance framework is being gradually improved since the establishment of the Cash Management Committee and the PFM Committee, which oversee all public spending and compared revenues collected against forecasts. This ex post control is complemented by an ex ante control performed on payment vouchers and cash management by the Paymaster General and Deputy Paymaster General recruited under the original project.

2. Macroeconomic

Macro-economic outlooks remain under stress due to the volatile country security situation. In the short run, there is the risk that the Government will be unable to implement its cash management plan or that donor support will not materialize quickly, especially for budget support. Rating: “High”.

Risk mitigation. Ongoing deployment of international forces in the country contributes to stabilizing the security situation. Over the short to medium term, key obstacles affecting the economy will be gradually removed with support from the donor community. Improved domestic revenue mobilization has helped strengthen the sustainability of the fiscal outlook.

3. Sector Strategies and Policies

Risk associated with the strategies and policies of the sector(s) relevant to the project. Rating: “Substantial”.

The overall PFM system (human resources, information systems, equipment) was affected during the crisis. Only one year of technical assistance as envisioned by the original project will not suffice to restore the basic PFM system. Thus there is a risk of mixed impact of the support initiated under the original project.

Risk mitigation. The technical assistance component of the original project will be extended and additional funding will be allocated to cover a three-year cycle so as to rebuild the national PFM system.

Potential fragmentation and duplication of development partners support to the PFM sector is a risk. Although Additional Financing project preparation reflects a highly consultative process, there is still a risk of duplication over implementation of the Additional Financing.

Risk mitigation. The project team is a key actor of the donor PFM group. The group brings together development partners and government representatives working on PFM, helping to ensure coordination and communication. A mapping of donor intervention will be regularly updated and the project technical experts will play a critical role in coordinating donor efforts.

4. Technical Design of Project or Program

Risk related to the technical design of the project. Rating: “Substantial”.

The delay by the Government in the replenishment of the escrow account to cover military and defense sectors’ salaries may affect the timing of payment of the civil servants. During the original project, the Government’s cash constraint twice delayed the replenishment of the escrow account opened to cover the military and defense sectors’ salaries. This affected the payment process of the entire payroll as controls were put in place to avoid paying only the civil servants covered by World Bank financing. Rating: “Substantial”.

Risk mitigation: Two months of salaries of the military and defense sectors will be deposited into the escrow account by the effectiveness date of the Additional Financing.

5. Institutional Capacity for Implementation and Sustainability

Risk related to the capacity of the Government to implement activities, taking into account the institutional capacity of the implementing agencies, implementation arrangements (including PIUs), and monitoring and evaluation arrangements. Rating: “Substantial”.

The low-revenue collection could compromise the sustainability of the project's outcomes in a context where the contract of the technical experts ends before the end of the project. Rating: "Substantial".

Risk mitigation: The presence of the technical experts recruited by the original project to support the revenue-generating directorates combined with the gradual improvement of the security situation positively influenced the revenue collections. As a result, it will be crucial to maintain their support to these directorates.

6. Fiduciary

Risk that funds will not be used to achieve value for money with integrity in delivering sustainable development. Rating: "Substantial".

Reintegration of ghost workers (1,207) identified in the original project in the updated payroll files is a risk. Likewise other remaining recommendations following the qualitative review of the payroll files might not be properly and duly implemented as a result of political pressure. Rating: "Substantial".

Risk mitigation: The initial project was designed in order to deal appropriately with fiduciary risks associated with the payroll cleanup. Payment of salaries with IDA funds only started once the ghost workers had been identified and removed from the payroll. There were therefore no ineligible expenditures associated with the identification of ghost workers. Striking the ghost workers off the payroll and other remaining recommendations for the qualitative update of the payroll files will be closely monitored by IMF and the World Bank.

7. Stakeholders

Risk related to stakeholders who may affect successful project completion by delaying or halting its implementation. Rating: "Substantial".

Sensitive civil service reforms. The implementation of the recommendations resulting from the update of the payroll file may face difficulties particularly for the *Hors Statuts* and civil servants that continue to unduly receive expatriate allowances. Rating: "Substantial".

Risk mitigation. The civil service reform and the related recommendations is a key component of IMF program with CAR. As such, monitoring of the implementation of the recommendations will be closely performed as part of the various joint missions with IMF.

8. Overall

The ongoing project risk was High. The project implemented adequate mitigation measures in the areas of control over the payroll process, and the existence of well performing technical experts supporting core Directorates (particularly the Pay Master and his Deputy). It also contributed to avoid social strikes, maintain peace by ensuring delivery of services (keeping children in school, etc.) and therefore contributed to the security stabilization. However given the volatility of security, the overall risk for this operation remains High.

IV. World Bank Grievance Redress

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 in order 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 http://www.worldbank.org/GRS. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

ANNEX 1A: REVISED RESULTS FRAMEWORK AND MONITORING INDICATORS

Project Name:	Emergency Public Services Response Project (P154304)	Project Stage:	Additional Financing	Status:	FINAL
Team Leader(s):	Kolie Ousmane Maurice Megnan	Requesting Unit:	GGODR	Created by:	Aleksandar Kocevski on 06-Feb-2015
Product Line:	IBRD/IDA	Responsible Unit:	GGODR	Modified by:	Aleksandar Kocevski on 28-Mar-2015
Country:	Central African	Approval FY:	2015		
Region:	AFRICA	Lending Instrument:	Investment Project Financing		
Parent Project ID:	P149884	Parent Project Name:	CF-EMERGENCY PUBLIC SERVICES RESPONSE PROJECT (P149884)		

Project Development Objectives

Original Project Development Objective - Parent:

The project development objective is to re-establish an operational government payroll and related financial management systems.

Proposed Project Development Objective - Additional Financing (AF):

Results

Core sector indicators are considered: Yes

Results reporting level: Project Level

Project Development Objective Indicators

Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target

Revised	Direct project beneficiaries (of which female) and not comprising the new recruited: number of civil servants paid in non-security sector	☐	Number	Value	17765.00	17765.00	17000.00-17500.00
				Date	01-Aug-2014		31-Dec-2017
				Comment		17,765 (of which 25% female). In fact the indicator should be read as “direct project beneficiaries, number of civil servants paid in non-security sector not exceeding 18,600".	
Marked for Deletion	Improved effectiveness of payroll controls as measured by PEFA PI-18	☐	Text	Value	D		D+
				Date	01-Jun-2014		31-Dec-2015
				Comment		Self-assessment will be performed on January 2015	
New	Time elapsed between planned pay day and actual pay day	☐	Number	Value	30.00	15.00	10.00
				Date	01-Jun-2014	31-Dec-2014	31-Dec-2017
				Comment			
Marked for Deletion	Number of supported directorates in the MoF that have reestablished the basic functions	☐	Number	Value	0.00	1.00	3.00
				Date	01-Jun-2014		31-Dec-2015
				Comment		Public Treasury is the more advanced in the reestablishment of the basic functions.	

New	Percentage of staff from Customs Directorate whom have resumed work	☐	Percentage	Value	10.00	54.00	80.00
				Date	01-Jun-2014	31-Dec-2014	31-Dec-2017
				Comment		The volatile situation on the Douala–Bangui corridor is affecting the increase of this percentage.	
Revised	Percentage of teachers who have resumed work in the districts where security has improved	☐	Percentage	Value	0.00		60.00
				Date	01-Jun-2014		31-Dec-2017
				Comment		Ombella Mpoko 95% Ouham 82% Ouaka 90% Based on the Census performed.	
Revised	Percentage of health workers who have resumed work in districts where security has improved	☐	Percentage	Value	0.00		60.00
				Date	01-Jun-2014		31-Dec-2017
				Comment		Ombella Mpoko 95% Ouham 82% Hopital de l’Amitié de Bangui 58.5%. Based on the Census performed.	

Intermediate Results Indicators							
Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
Marked for Deletion	Lead time for processing civil servant salaries	☐	Days	Value	0.00		15.00
				Date	01-Jun-2014		31-Dec-2015
				Comment		Under verification	
New	The number of non-eligible civil servants removed from the payroll (deceased, retired, others)	☐	Number	Value	0.00	301.00	1400.00
				Date	01-Jun-2014	31-Dec-2014	31-Dec-2017
				Comment			
Marked for Deletion	Reconciled personnel and payroll databases	☐	Text	Value	No		Yes
				Date	01-Jun-2014		31-Dec-2015
				Comment		Reconciliation process is ongoing. The support of the international consultant will speed up the process.	
New	Percentage of civil servants of which HR data are update in the payroll	☐	Percentage	Value			70.00
				Date	01-Jun-2014		31-Dec-2017
				Comment			
Revised	Number of months of eligible civil servant salaries in non-security sectors paid	☐	Number	Value	0.00	4.00	6.00
				Date	01-Jun-2014	31-Dec-2014	31-Dec-2017
				Comment			
New	Number of supported directorates in the MoF that	☐	Number	Value	0.00	1.00	3.00
				Date	01-Jun-2014	31-Dec-2014	31-Dec-2015

	have reestablished basic functions			Comment			
Revised	Number of payroll audits	☐	Number	Value	0.00	2.00	4.00
				Date	01-Jun-2014	31-Dec-2014	31-Dec-2017
				Comment		2 audits were already performed by the General Inspectorate of Finance.	
No Change	Percentage of domestic revenues collected and recorded into Ges'Co	☐	Percentage	Value	0.00		50.00
				Date	01-Jun-2014		31-Dec-2015
				Comment		Ges'Co is re set up since end of September 2014. Data entry is ongoing.	
Marked for Deletion	Percentage of staff from Customs Directorate whom have resumed work	☐	Percentage	Value	10.00	54.00	80.00
				Date	01-Jun-2014		31-Dec-2015
				Comment		The volatile situation on the Douala – Bangui corridor is affecting the increase of this percentage.	
Marked for Deletion	Treasury Directorate has produced cash management plan	☐	Text	Value	No	Yes	Yes
				Date	01-Jun-2014		31-Dec-2015
				Comment		First meeting of Treasury committee was	

						held on May 10, 2014. The Treasury plan was the key item on the agenda	
New	Ratio of wages and salary to GDP	☐	Percentage	Value	7.10	6.30	5.00
				Date	01-Jun-2014	31-Dec-2014	31-Dec-2017
				Comment			
New	Ratio of revenue recorded at the Customs Directorate to revenue collected from the commercial banks	☐	Percentage	Value	0.00	0.00	60.00
				Date	01-Jun-2014	31-Dec-2014	31-Dec-2017
				Comment		The arrival of the international consultant dedicated to the customs issues will help to accelerate the process.	
Marked for Deletion	Customs Directorate has produced the reconciled revenue collected from the commercial banks	☐	Text	Value	No	No	Yes
				Date	01-Jun-2014		31-Dec-2015
				Comment		The arrival of the international consultant dedicated to the customs issues will help to accelerate the process	
New	Ratio of revenue recorded at the Tax directorate to revenue	☐	Percentage	Value	0.00	0.00	60.00
				Date	01-Jun-2014	31-Dec-2014	31-Dec-2017

	collected from the commercial banks			Comment			
Marked for Deletion	Tax directorate has produced the reconciled revenue collected from the commercial banks	☐	Text	Value	No	No	Yes
				Date	01-Jun-2014		31-Dec-2015
				Comment		The arrival of the international consultant dedicated to the taxes issues will help to accelerate the process	
New	Treasury Directorate has reduced annual financial statements backlog.	☐	Number	Value	6.00	0.00	3.00
				Date	01-Jun-2014	31-Dec-2014	31-Dec-2017
				Comment			

ANNEX 1B: SUMMARY OF PROPOSED CHANGES TO THE RESULTS FRAMEWORK AND MONITORING

Central African Republic: Emergency Public Services Response Project Additional Financing (P154304)

Revisions to the Results Framework		
PDO		
Current (PAD)	***Proposed Changes***	***Comments***
The project development objective is to re-establish an operational government payroll and related financial management systems.	No change	
PDO indicators		
Current (PAD and Restructuring Paper)	***Proposed Changes***	***Comments***
Direct project beneficiaries (of which 25% female) and not comprising the new recruited: number of civil servants paid in non-security sector	Revised	End target revised to [17,000 : 17,500] project beneficiaries not comprising ghost workers.
Improved effectiveness of payroll controls as measured by PEFA PI-18	Marked for Deletion	Challenges with measurement.
Time elapsed between planned pay day and actual pay day	New	Moved from intermediate result indicator to PDO as the adequate payment lead time is an important part of the reestablishment of an operational government payroll
Number of supported directorates in the Ministry of Finance (MoF) that have reestablished the basic functions	Marked for Deletion	Moved to intermediate result indicator as it is output oriented.
Percentage of staff from Customs Directorate whom have resumed work	New	Moved from intermediate result indicator to PDO as it directly affects the reestablishment of financial management systems
Percentage of teachers who have resumed work in the districts where security has	Revised	End target revised to 60% to reflect the scale up and additional resources

Revisions to the Results Framework		
improved		
Percentage of health workers who have resumed work in districts where security has improved	Revised	End target revised to 60% to reflect the scale up and additional resources
Intermediate Results indicators		
Current (PAD and Restructuring Paper)	*Proposed Change*	*Comments*
Lead time for processing civil servant salaries	Marked for Deletion	Reformulated to focus on the time elapsed between planned pay day and actual pay day and moved to PDO indicator
The number of non-eligible civil servants removed from the payroll (deceased, retired, others)	New	Included to keep track of the proper completion of the cleanup process
Reconciled personnel and payroll databases	Marked for Deletion	Development of personnel database will require more time than expected. Thus, the indicator was deleted and replaced by the percentage of civil servants for which HR data is updated in the payroll
Percentage of civil servants for which HR data is updated in the payroll	New	See above. Four criteria will be used to assess the update of the file: (i) the identification number, (ii) the birth date, (iii) the employment status, (iv) the duty station.
Number of months of eligible civil servant salaries in non-security sectors paid	Revised	End target revised to 6 months to reflect the additional resources
Number of supported directorates in the MoF that have reestablished basic functions	New	Moved from PDO indicator to intermediate result indicators as it is output oriented
Number of payroll audits	Revised	End target revised to 4 payroll audits to reflect the additional resources
Percentage of domestic revenues collected and recorded into Ges'Co	No Change	
Percentage of staff from Customs Directorate whom have resumed work	Marked for Deletion	Moved from intermediate result indicator to PDO as it directly affects the reestablishment of financial management systems
Treasury Directorate has produced cash management plan	Marked for Deletion	Cash management plan timely produced since 2014
Ratio of wages and salary to GDP	New	Included to assess the saving from the cleanup process in terms of GDP
Ratio of revenue collected from commercial banks to revenues recorded at the Customs Directorate	New	Reformulated to simplify the calculation
Customs Directorate has produced the	Marked for	Deleted and a replaced by a new simplified formulation

Revisions to the Results Framework		
reconciled revenue collected from the commercial banks	Deletion	
Ratio of revenue revenue collected from the commercial banks to recorded at the Tax directorate	New	Reformulated to simplify the calculation
Tax directorate has produced the reconciled revenue collected from the commercial banks	Marked for Deletion	Deleted and a replaced by a new simplified formulation
Treasury Directorate has reduced annual financial statements backlog	New	Included to reflect the additional resources in the technical assistance to the Public Accounting Directorate.

ANNEX 2: ACHIEVEMENTS IN THE IMPLEMENTATION OF THE EMERGENCY PUBLIC SERVICES RESPONSE PROJECT

I. Achievements in Implementation of Project Components

1. The following key steps were achieved in the implementation of the project:

Component 1: Payment of Current Salaries (US$26.8 million)

2. **Under EPSRP, four months of salaries were paid to eligible civil servants across the country signaling a visible and encouraging resumption of public services**. The evident outcomes were measured by the bi-monthly verification of physical presence of the civil servants conducted by the General Inspectorate of Finance with the technical assistance of an international consulting firm. The verification confirmed that more than 70 percent of the sampled civil servants had resumed work in spite of the country's difficult situation. In addition, United Nations Children's Fund's (UNICEF) preliminary assessment showed that the volume of hours of actual teaching has been on the rise since 2014 as a result of teacher's now receiving their salaries and physically returning to the classroom. Overall the physical control mechanism introduced through unannounced site visits by the General Inspectorate of Finance created an incentive for civil servants to come to work. Before the project was introduced, it was not clear whether absenteeism would translate into salary suspension, but this incentive has become credible.

3. **The quantitative update of the payroll has been completed with about US$4.8 million savings on government annual wage bills.** The main findings were as follows: (a) 19,577 civil servants (87 percent) were physically verified by HR directors of line ministries and certified by the staff of the Inspector General of Finance; (b) 1,849 civil servants (8 percent) were confirmed by the Litigation Committee on the basis of the complaints logged or documents submitted; (c) and 1,207 civil servants (5 percent) did not show up for work and their salaries have been suspended since May 2014. It should be also noted, 301 deceased civil servants were detected and struck from the payroll during the update process; and 931 retirees were identified and authorities are processing their removal from the database.

4. **The qualitative review of the payroll is ongoing.** The following actions are still required: (a) remove the retirees from the database; (b) reclassify the non-civil servants, *Hors statuts*, into another category of expenditures (consultant services); (c) regularize the situation of civil servants who are receiving undue allowances (e.g., civil servants no longer on duty in embassies but receiving expatriate allowances, former ministers continuing to receive allowances, etc.); (d) have the Inspector General of Finance audit the payroll database on a bi-monthly basis to ascertain that there is no manipulation; and (e) in view of the country's modest capacity, design and implement an appropriate and integrated payroll/HR database that is compatible with the existing computerized budgeting and accounting system (Ges'Co).

5. **In addition to being the second largest source of external finance in 2014, EPSRP played a catalytic role in paving the way for other development partners to finance government recurrent costs.** The IMF disbursed the first tranche of a Rapid Credit Facility (US$12 million), EU provided US$40 million, and AfDB and UNDP disbursed US$23 million and US$2 million, respectively. In view of the strong fiduciary controls put in place by the project on payroll management (which represents about 45 percent of the monthly expenditures),

AfDB, EU, and UNDP have been able to implement their disbursements pertaining to the payment of salaries. Overall, development partner disbursements (AfDB, EU, IMF, UNDP, and the World Bank), combined with revenues collected, covered 12 months of salaries in 2014.

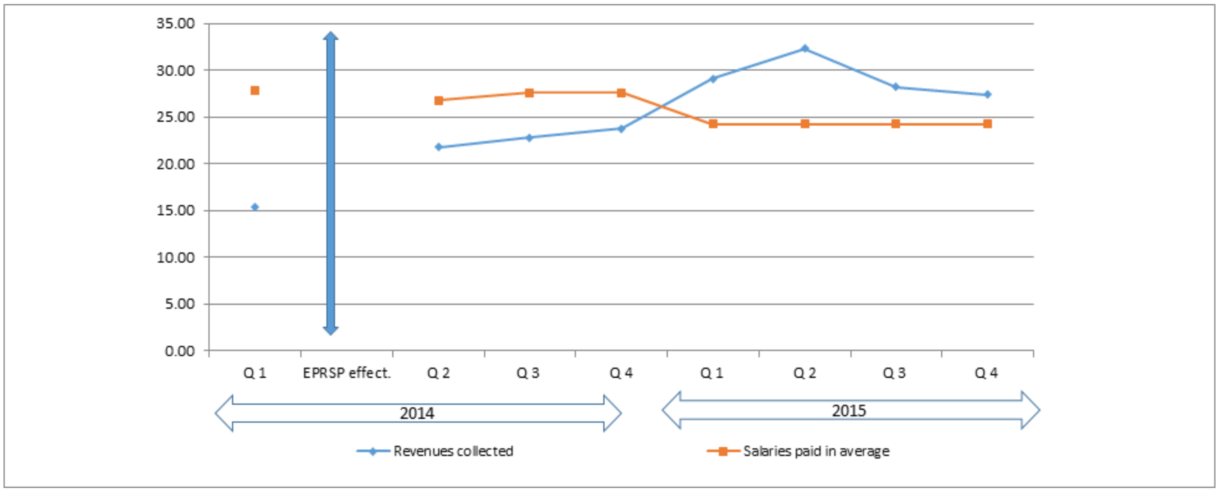
6. **The implementation of the project's communication strategy has been useful to prevent negative social impacts.** The project implemented an intensive awareness campaign with the media, civil service unions, and commercial banks during the census/payment processes, with support from the communication specialist recruited under the contract signed between the project and UNDP. A specific communication campaign was also undertaken for the benefit of indigenous people with support from a nongovernmental organization (NGO), the media, and the Ministry of Social Affairs. The project's overall impact on the country's reconciliation process was also presented in international media[9].

Component 2: Technical Assistance to Core Structures in the Ministry of Finance and Budget and the Ministry of Public Service (US$3.2 million)

7. **The Civil Service Directorate, Customs Administration, and Taxation Directorate are now assisted by technical, resident experts who contribute to strengthening capacity and positively influencing the PFM reform agenda**. The country undertook a comprehensive inventory of customs/tax exemptions (about US$40 million or 2.34 percent of GDP) with support from the resident expert. The main conclusion was that most of the exemptions were unduly awarded and adversely affected tax revenues. All exemptions have been suspended and a case-by-case review by an inter-ministerial committee has been implemented. This has translated into a positive trend in revenue collection over the past year, with a peak of US$20 million for the first time in the last quarter in 2014 (Figure 1). In the area of civil service, the technical expert's support is critical in pursuing the qualitative update of the database and exploring pragmatic ways to deploy an adapted and integrated payroll/HR database with the existing system. The General Inspectorate of Finance, supported by the experts, undertook two audits of the payroll files that revealed irregularities and ultimately led to savings.

[9] *RCA: Aide de la Banque mondiale pour payer les fonctionnaires* (RFI) http://www.rfi.fr/afrique/20140507-rca-aide-banque-mondiale-payer-fonctionnaires/#./?&_suid=142624119566809500415643548221

Figure 1: Government's Ability to Cover Recurrent Expenditures in 2014 and 2015 (US$ million, actuals up to Q1 2015, projections from Q2 2015)



Source: World Bank Staff calculations based on 2014 and 2015 Treasury plan

8. **Another critical achievement under this component was the ongoing recruitment of the Paymaster General and Deputy Paymaster General in the context of a weak control environment in the Treasury**. This essential reform was initiated in December 2012, but its implementation was delayed because of the crisis. The EPSRP financed the process for competitive recruitment of an independent and credible Paymaster General (*Agent Comptable Central du Trésor*) and Deputy Paymaster General (*Fondé de Pouvoirs*). Their roles are to (a) ensure comprehensive booking of cash inflows and proceed with daily cash management; (b) review all payment vouchers for compliance with PFM rules and regulations, availability of funds, and proper authorization before payment; and (c) produce, in a timely manner, monthly cash flow statements and annual financial statements to enhance transparency. This mitigation measure complements and strengthens the ongoing activities led by the Cash Management Committee and the Public Finance Committee, where the World Bank and other donors participate.

II. Implementation Challenges

9. **During implementation, EPSRP went through several resolved and ongoing challenges, including** (a) the census of civil servants in inaccessible districts, for which alternative solutions were found (including requesting civil servants to travel to Bangui or regional capitals, but allowing more time for them to do so; reliance on HR Directors files); (b) difficulties for the Government to replenish counterpart funds for security and defense forces, which delayed the payment of salaries (this was addressed through persistent policy dialogue and discussions in the treasury committee); (c) the setting up of the complaints mechanism and its management by the Litigation Committee; and (d) the challenging dialogue with authorities on the implementation of sensitive recommendations resulting from the census, such as the regularization of civil servants who had been recruited for political reasons.

ANNEX 3: DETAILED DESCRIPTION OF NEW PROJECT ACTIVITIES

Component 1: Payment of Current Salaries (US$7.22 million)

Subcomponent 1.1: Update of the HR and Payroll Databases (US$900,000)

1. **Objective of the subcomponent:** The objective of this subcomponent, which has slightly changed as a result of the need go beyond the update of databases with the Additional Financing is to implement an integrated HR/payroll system. In the long run, this subcomponent aims to better control the fiscal impact of the payroll.

2. **Current Status:** All activities under this subcomponent were implemented with technical support from the UNDP and are progressing very well. The quantitative update of the payroll has been completed. The qualitative review of the payroll is ongoing and will require attention during the implementation of the Additional Financing. In addition, the physical presence verification is performed on a bi-monthly basis. However, the persistence of manual updates of the databases could affect the integrity of the data and lead to manipulation. To this end, a more credible solution through the implementation of an integrated HR/payroll databases in line with the country weak capacity is envisioned.

3. **Changes introduced under the Additional Financing:** The rationale for implementing an integrated HR/payroll system is to ensure that the results of the census performed during the original project will serve (a) as a first step in civil service reform and (b) to better control the fiscal impact of the payroll.

4. **Activities to be financed:** Specific activities that will be financed under the Additional Financing will include (a) acquisition/deployment of an integrated system customized to the country context; and (b) developing and disseminating techniques and procedures for the use of new system to be managed by the Directorate of Civil Service. Technical reports, including bidding documents, are available to facilitate the acquisition process of the future system. Like for the original project, this activity will be implemented with technical support from UNDP.

Subcomponent 1.2: Payment of the Salaries of Eligible Civil Servants in the Non-security Sector, Excluding the Military and Police (US$6,320,000)

5. **Objective of the subcomponent:** The objective of this subcomponent is to pay current salaries of eligible civil servants in the non-security sector, excluding the military and police

6. **Current status:** Under the original project, four months of salaries (May, June, July, and August) were paid to eligible civil servants. Police and gendarmeries salaries were paid by UNDP, and military and defense by the Government. Ultimately, this also contributed to the positive trend in revenue collections starting from second quarter of the year. Thanks to fiduciary controls put in place by the original project in the payroll management, other donors like the EU and AfDB focused their budget support operation on salaries. Consequently, fiscal year 2014 was closed with no salary arrears owed to the civil servants.

7. **Changes introduced under the Additional Financing:** The rationale for scale up and increased impact under the Additional Financing is to prevent any disruption in the provision of public services in a context where stability remains fragile and the country’s cash position will be negative by April 2015.

8. **Activities to be financed:** Two months of current salaries of eligible civil servants in the non-security sector, excluding the military and police, will be financed. Police and gendarmeries as well as military and defense salaries will continue to be paid by UNDP, and the Government. To prevent any risk of delay in the payments, the government escrow account will be replenished of the project. This subcomponent will be financed by using US$6.3 million of the Additional Financing and US$3.7 million resulting from the savings made under this subcomponent as part of the original project.

Component 2: Technical assistance to core structures in the Ministry of Finance and Budget and the Ministry of Public Service (US$2,780,000)

Subcomponent 2.1: Technical assistance and expert services for the Directorates of Customs, Taxation, Treasury, Payroll, General Inspectorate of Finance and Civil Service Directorate (US$2,400,000)

9. **Objective of the subcomponent:** The objective of this subcomponent is to provide expert services to targeted directorates with a view to placing them in a good standing to render public services.

10. **Current status:** Under the original project, services of technical experts to the General Inspectorate of Finance, Directorates of Customs, Taxation, Payroll and Civil Service are being provided. In order to face the urgent need to strengthen the fiduciary framework following the mismanagement of the Angola loan, the original project also financed under this subcomponent the recruitment of a Paymaster General and Deputy Paymaster General in the Treasury Directorate.

11. **Changes introduced under the Additional Financing:** The rationale for scale up and increased impact under the Additional Financing is to prevent any disruption in the provision of technical expertise to the core directorates supported as part of the original project and consolidate existing achievements.

12. **Activities to be financed:** Two additional years of service of technical experts will be financed under this subcomponent. This will be complemented by the SPF application under preparation to support other PFM technical assistance needs.

Subcomponent 2.2: Equipment for Customs, Taxation, Payroll, General Inspectorate of Finance and Civil Service. No change will be implemented under this subcomponent.

Subcomponent 2.3: Support to CS REF and project operating costs (US$380,000)

13. **Objective of the subcomponent:** The objective of this subcomponent is to provide institutional support to CS REF so as to properly oversee the implementation of the Government's economic program and the joint fiduciary framework, including project coordination. The audit of the project will also be financed under this component.

14. **Current status:** With support from the original project, CS REF was able to properly operate and meet its coordination and monitoring obligations toward the donors on the country's economic and PFM program. More specifically, CS REF was able to meet World Bank fiduciary obligations on the project such as quarterly interim financial reports and procurement activities. The extension of the project as part of the Additional Financing will require supporting CS REF in its role of project coordinating entity.

15. **Activities to be financed:** The activities planned as part of this subcomponent are as follows:

a) Provide technical experts to CS REF;
b) Initiate audit project transactions;
c) Undertake a PEFA with a view toward assessing progress made over the project life and drafting a new PFM strategy focusing on the second generation of the reforms.

Project Cost and Financing

16. The funding required under the Additional Financing is the equivalent of US$10 million. Table A3.1 is a summary cost allocation for both the original project and the proposed Additional Financing operation, both financed under IDA. Annex 4 provides the breakdown of costs against each component of the Additional Financing on an annualized basis to also facilitate the disbursement planning.

Table A3.1: Summary Component Financing and Disbursement Status

	Project Components	*Original allocation (US$)*	*Additional Financing (US$)*	*Revised allocation (US$)*	*Committed and disbursed * (US$)*
1.	**Payment of current salaries**	**26,800,000**	**7,220,000**	**34,020,000**	**21,600,000**
	1.1. Update of the HR and payroll databases	800,000	900,000	1,700,000	600,000
	1.2. Payment of the salaries of eligible civil servants in the non-security sector, excluding the military and police	26,000,000	6,320,000	32,320,000	21,000,000
2	**Technical assistance to core structures in the Ministry of Finance and Budget and the Ministry of Public Service**	**3,2000,000**	**2,780,000**	**5,980,000**	**2,300,000**
	2.1. Technical assistance and expert services for the Directorates of Customs, Taxation, Treasury, Payroll, General Inspectorate of Finance and Civil Service Directorate	2,000,000	2,400,000	4,400,000	1,300,000
	2.2. Equipment of the structures of Customs, Taxation, Treasury, Payroll, General Inspectorate of Finance	800,000	-	800,000	800,000
	2.3. Support to CS REF and project operating costs	400,000	380,000	780,000	200,000
	Total	**30,000,000**	**10,000,000**	**40,000,000**	**22,900,000**

* Disbursement in this column does not include the cash in the Designated Account.

ANNEX 4: ADDITIONAL FINANCING - PROJECT COST TABLE

Table A4.1 shows the summary of the detailed costing in US$ of the activities to be financed against each of the components under the Additional Financing. The comprehensive costing tables, along with the planned procurement packages, are contained in the project files.

Table A4.1 Summary of Detailed Costing of Activities

	Total	2015	2016	2017
Component 1: Payment of current salaries				
Update of the HR and payroll databases				
- Consulting services	900,000	900,000	0	0
- Equipement	0	0	0	0
Sous-total	**900,000**	**900,000**	**0**	**0**
Payment of the salaries of eligible civil servants in the non-security sector, excluding the military and police				
- Consulting services	6,320,000	6,320,000	0	0
- Equipement	0	0		
Sous-total	**6,320,000**	**6,320,000**	**0**	**0**
Total	**7,220,000**	**7,220,000**	**0**	**0**
Component 2: Technical assistance to core structures in the ministries of Finance and Public Service				
Technical assistance and expert services for the Directorates of Customs, Taxation, Treasury, Payroll, General Inspectorate of Finance and Civil Service Directorate				
- Consulting services	2,400,000	0	1,950,000	450,000
- Equipement			0	
Sous-total	**2,400,000**	**0**	**1,950,000**	**450,000**
Support to CS REF and project operating costs				
- Consulting services	380,000	0	90,000	290,000
- Equipement	0	0	0	
Sous-total	**380,000**	**0**	**90,000**	**290,000**
Total	**2,780,000**	**0**	**2,040,000**	**740,000**
TOTAL COMPONENTS	**10,000,000**	**7,220,000**	**2,040,000**	**740,000**

ANNEX 5: CAR - CENTRAL GOVERNMENT OPERATIONS

Table 2. Central African Republic: Central Government Financial Operations, 2010–15
(CFAF billions)

	2010	2011	2012	2013	2014			2015
				Prel.	May RCF CR: 14/181	Rev. Proj. Jul. 2014	Prel. Feb. 2015	Rev. Proj.
Revenue	168.7	138.1	181.3	63.8	75.3	154.1	155.4	158.2
Domestic revenue	114.2	111.8	127.3	43.2	51.9	40.6	41.8	64.3
Tax revenue	91.9	87.1	109.3	39.8	43.9	37.3	38.3	59.2
Taxes on profits and property	17.8	18.8	21.1	7.2	9.2	8.2	...	11.2
Taxes on goods and services	74.2	68.3	88.2	32.6	34.6	29.1	...	48.0
Of which : international trade	26.9	32.4	30.5	8.8	11.4	9.3	...	14.7
Non-tax revenue	22.3	24.7	18.0	3.4	8.0	3.3	3.6	5.1
Grants	54.5	26.3	54.0	20.7	23.4	113.5	113.6	93.9
Program	13.8	0.0	11.0	9.7	0.0	69.5	73.6	18.5
Project	40.7	26.3	42.9	11.0	23.4	44.0	40.0	75.4
Expenditure [1]	183.0	162.7	181.2	111.9	142.1	137.0	136.3	205.3
Primary Spending	124.4	125.4	121.8	94.9	113.3	83.2	84.4	103.1
Current primary expenditure	113.3	114.6	105.1	94.3	107.8	81.2	83.6	95.5
Wages and salaries	43.3	46.0	50.8	53.7	57.3	54.0	54.9	50.0
Transfers and subsidies [2]	32.3	32.5	23.1	17.5	26.9	14.4	14.5	25.5
Goods and services	37.6	36.1	31.2	23.1	23.6	12.8	14.2	20.0
Interest due	10.2	7.0	7.9	4.9	5.4	6.2	5.5	8.3
External	2.0	2.7	1.3	2.5	2.1	3.2	3.2	3.3
Domestic	8.2	4.3	6.6	2.4	3.3	3.0	2.3	5.0
Capital expenditure	59.5	41.1	68.2	12.7	28.9	49.6	47.2	101.5
Domestically financed	11.1	10.7	16.7	0.6	5.5	2.0	0.8	7.6
Externally financed	48.4	30.3	51.4	12.1	23.4	47.6	46.4	93.9
Overall balance								
Excluding grants	-68.8	-50.9	-53.9	-68.7	-90.2	-96.4	-94.5	-141.0
Of which: domestic primary balance [3]	-10.2	-13.6	5.5	-51.7	-61.4	-42.6	-42.6	-38.8
Including grants	-14.3	-24.6	0.1	-48.0	-66.8	17.1	19.1	-47.1
Net change in arrears ((-) = reduction)	-6.2	1.7	-5.4	17.4	-16.5	-12.6	-18.3	-8.0
Domestic	-7.5	-4.0	-4.0	17.4	-16.5	-12.6	-18.3	-8.0
External	1.3	5.7	-1.4	0.0	0.0	0.0	0.0	0.0
Errors and omissions	-7.9	1.4	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance, cash basis	-28.3	-21.4	-5.2	-30.6	-83.3	4.5	0.8	-55.1
Identified financing	28.3	21.4	5.2	30.6	2.4	-8.5	-0.8	-4.9
External, net	6.4	-3.9	1.1	20.8	-5.4	2.9	7.3	7.5
Project loans	7.7	4.0	8.5	1.1	0.0	3.6	6.4	18.5
Program loans	0.0	0.0	0.0	25.0	0.0	0.0	0.0	0.0
Amortization due	-1.3	-7.9	-7.4	-5.3	-5.4	-5.8	-5.8	-11.0
Exceptional financing	0.0	0.0	0.0	0.0	0.0	5.1	6.7	0.0
Paris Club [4]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other [5]	0.0	0.0	0.0	0.0	0.0	5.1	6.7	0.0
Domestic, net	21.9	25.3	4.1	9.9	7.8	-11.4	-11.5	-12.5
Banking system	15.7	22.4	-3.6	8.8	7.8	-11.4	-11.5	-12.5
BEAC	20.5	14.7	2.1	4.5	10.0	-12.0	-12.1	-13.1
of which: Counterpart to IMF resources (BEAC)	8.7	1.3	4.5	-3.2	-2.8	4.0	3.7	-7.9
Commercial banks	-4.8	7.7	-5.7	4.3	0.6	0.6	0.6	0.6
Nonbank [6]	0.4	-0.7	8.2	1.2	0.0	0.0	0.0	0.0
Residual financing need	0.0	0.0	0.0	0.0	80.9	4.0	0.0	60.1
Discrepancy	...	...	...	...	...	...	-4.2	...
Memorandum items:								
Total government debt	317.8	337.9	337.8	385.9	452.5	368.7	368.7	415.8
Government domestic debt	122.9	92.0	86.3	116.7	183.0	97.8	97.8	145.2
Nominal GDP	984	1,036	1,108	760	808	852	852	956

Sources: C.A.R. authorities; IMF staff estimates and projections.

[1] Expenditure is on a cash basis, except for interest, which is recorded on a due basis.

[2] In 2009 and beyond, includes outlays for the disarmament, demobilization and reintegration(DDR) process.

[3] Excludes grants, interest payments, and externally financed capital expenditure.

[4] Reflects Paris Club rescheduling and moratorium agreement in April 2007.

[5] Includes HIPC debt relief from multilateral and other bilateral creditors. For 2008–09, also includes debt service to non-Paris Club and commercial creditors. From mid-2009 onward, reflects full delivery of HIPC and MDRI relief on a flow basis.

[6] Includes repayments to CEMAC commercial banks and domestic suppliers for oil subsidies and on expected future bond issues.

ANNEX 6: DEVELOPMENT PARTNERS TECHNICAL ASSISTANCE MAPPING

Directorate	***Donor***	***Amount (US$ million)***		***Area of Intervention***
Directorate of Public Accounting and Treasury	EU	4.08		Support to the establishment of the Paymaster General and Deputy, construction of Paymaster General's Office
	World Bank	EPSRP	1.25	Paymaster General and Deputy, Follow up on the resetting up of the computerized budgeting and accounting system (Ges'Co), Reestablishment of the TSA, IT equipment
		SPF	*0.75*	*Follow up of Paymaster General and Deputy*
	AfDB		0.85	Training in debt and risk management and Windev, rehabilitation of debt department building, acquisition of new version of SYGADE, debt pro, Development of interface SYGADE/Ges'Co
	France			Elaboration of treasury plan, Resetting up of computerized budgeting and accounting system (Ges'Co)
Directorate of Customs	World Bank	EPSRP	0.45	Audit of the operational procedures, IT equipment
		SPF	*0.30*	*Reinforcement of the customs exemptions process, implementation of audit of the operational procedures, Training*
	EU		4.20	Implementation of SYDONIA ++, Establishment of mobile surveillance patrol
	AfDB		0.64	Training in the assessment of the values of key minerals, Training in ex post control, Dissemination of Code of Ethics, cars and other IT equipment
	France			Audit of oil tax management, Redeployment of surveillance patrol in Bouar, IT equipment of Bekolo and Bangui
Directorate of Taxes	World Bank	EPSRP	0.51	Reinforcement of the operational procedures, IT equipment
		SPF	*0.45*	*Reinforcement of the technical capacity on sectoral taxation management (forestry, mining), Training*
	AfDB		0.50	Training of the taxe inspectors, Training of the economic players, Dissemination of the Code of Ethics, Cars and IT equipment
Directorate of Budget	World Bank	EPSRP	0.05	IT equipment
		SPF	*0.60*	*Support the preparation and execution of the 2015 budget backed with a clear investment program, including procurement and budget implementation tools in targeted ministries*
		SPF	*0.30*	*Open Budget process and Monitoring of project implementation* *Fight against corruption, Training and IT equipment*
	EU			Budget formulation, preparation and execution. Modernization of the PFM Acts to comply with CEMAC PFM Directives
	France			Budget formulation
General Inspectorate of Finances and Court of Account	World Bank	*SPF*	*.30*	*Audits, Training and IT equipment (Court of Account)*
		EPSRP	0.20	Review of the payroll databases, physical verification of civil servants at their duties station, IT equipment
Directorate of Civil Service	World Bank	EPSRP	0.34	Improvement of the HR database, support to the 5 line ministries HR Directorates. IT equipment
		SPF	*0.20*	*Development of an operational link between payroll and HR database and procedure for their maintenance*
Mining/EITI	World Bank	*SPF*	*0.20*	*Resume and improve EITI activities in CAR and support CAR Kimberly process, Training and IT equipment*
Forestry	World Bank	***SPF***	***0.20***	*Better information sharing and control to limit the fraud through training, Training and IT equipment*
		Total	**16.08**	
		SPF	***3.00***	