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INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL GRANT

IN THE AMOUNT OF SDR 33.3 MILLION
(US\$45.0 MILLION EQUIVALENT)

TO THE

DEMOCRATIC REPUBLIC OF CONGO

FOR A

PUBLIC SERVICE REFORM AND REJUVENATION PROJECT

April 25, 2017

Governance Global Practice
Africa Region

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CURRENCY EQUIVALENTS
 (Exchange Rate Effective February 28, 2017)
 Currency Unit = United States Dollar (US\$)
 SDR 0.738644 = US\$1

FISCAL YEAR
 January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
CAS	Country Assistance Strategy
CMRAP	<i>Cellule de Mise en oeuvre de la Réforme de l'Administration Publique</i> (Public Administration Reform Implementation Unit)
CNRD	<i>Commission Nationale de Règlement des Différends</i> (National Dispute Resolution Commission)
CPMAP	<i>Comité de Pilotage et de Coordination de la Modernisation de l'Administration Publique</i> (Public Administration and Modernization Steering Committee)
CSMOD	<i>Cadre Stratégique de Mise en Oeuvre de la Décentralisation</i> (Strategic Framework for the Implementation of Decentralization)
CTAD	<i>Cellule Technique d'Appui à la Décentralisation</i> (Technical Unit for Support to Decentralization)
DA	Designated Account
DFID	United Kingdom Department for International Development
DGDA	<i>Direction Générale des Douanes et Accises</i> (Directorate in Charge of Customs Administration)
DGI	<i>Direction Générale des Impôts</i> (Directorate in Charge of Core Taxes)
DGRAD	<i>Direction Générale des Recettes Administratives et Domaniales</i> (Directorate in Charge of Non-tax Revenue Administration)
DRC	Democratic Republic of Congo
ENA	<i>Ecole Nationale d'Administration</i> (National School of Administration)
FM	Financial Management
GCEP	<i>Projet de Renforcement des Capacités en Gouvernance</i> (Governance Capacity Enhancement Project)
GDRM	Grievance and Dispute Resolution Mechanism
GRS	Grievance Redress Service
HR	Human Resources
IC	Individual Consultant
ICB	International Competitive Bidding
ICT	Information and Telecommunication Technology
IE	Impact Evaluation
IFR	Interim Financial Report
INS	<i>Institut National de la Statistique</i> (National Institute of Statistics)
MPS	Ministry of Public Service
M&E	Monitoring and Evaluation
NCB	National Competitive Bidding

PDO	Project Development Objective
PFM	Public Financial Management
PFMAP	Public Financial Management and Accountability Project
PIU	Project Implementation Unit
PRCGAP	<i>Projet de Renforcement des Capacités de Gestion des Fonctions de Base de l'Administration Publique</i> (Establishing Capacity for Core Public Management Project)
PRONAREC	<i>Programme National de Renforcement des Capacités</i> (National Capacity Building Program)
PSRRP	Public Sector Reform and Rejuvenation Project
SCD	Systematic Country Diagnostic
SENAREC	<i>Secrétariat National de Renforcement des Capacités</i> (National Secretariat for Capacity Building)
SOE	Statement of Expenditure
SIGRH	<i>Système Intégré de Gestion des Ressources Humaines</i> (Integrated Human Resources Management System)
ToR	Terms of Reference

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DEMOCRATIC REPUBLIC OF CONGO
Public Service Reform and Rejuvenation Project - Additional Financing (P160612)

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ADDITIONAL FINANCING DATA SHEET

Congo, Democratic Republic of

Public Service Reform and Rejuvenation Project - Additional Financing (P160612)

AFRICA

GGO27

Basic Information - Parent							
Parent Project ID: P122229		Original EA Category: C - Not Required					
Current Closing Date: 30-Apr-2019							
Basic Information - Additional Financing (AF)							
Project ID: P160612		Additional Financing Type (from AUS): Restructuring, Scale Up					
Regional Vice President: Makhtar Diop		Proposed EA Category: C - Not Required					
Country Director: Ahmadou Moustapha Ndiaye		Expected Effectiveness Date: 01-Sep-2017					
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Borrower							
Organization Name		Contact	Title	Telephone	Email		
CMRAP Ministry of Public Services		Serge Bikoro	Coordinator CMRAP	02430992905750	jsbikoro@gmail.com		
Project Financing Data - Parent (DRC: Public Service Reform and Rejuvenation Project P122229) (in USD Million)							
Key Dates							
Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date
P122229	IDA-H8970	Effective	12-Dec-2013	01-Feb-2014	26-May-2014	30-Apr-2019	30-Apr-2019

Disbursements									
Project	Ln/Cr/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P122229	IDA-H8970	Effective	XDR	50.20	50.20	0.00	20.64	29.56	41.12
Project Financing Data - Additional Financing AF - DRC: Public Service Reform and Rejuvenation Project (P160612) (in USD Million)									
<input type="checkbox"/>	Loan	<input type="checkbox"/>	Grant	<input checked="" type="checkbox"/>	IDA Grant				
<input type="checkbox"/>	Credit	<input type="checkbox"/>	Guarantee	<input type="checkbox"/>	Other				
Total Project Cost:		45.00		Total Bank Financing:		45.00			
Financing Gap:		0.00							
Financing Source – Additional Financing (AF)								Amount	
IDA Grant								45.00	
Total								45.00	
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									
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Bank Staff									
Name	Role	Title	Specialization	Unit					
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Sidy Diop	Team Member	Senior Procurement Specialist	Senior Procurement Specialist	GGO07
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Oumou Gado Oumarou H D	Team Member	Program Assistant	Program Assistant	GGO25

Extended Team

Name	Title	Location

Locations

Country	First Administrative Division	Location	Planned	Actual	Comments
Congo, Democratic Republic of	Kinshasa Province	Kinshasa City	X	X	
	Sud-Kivu Province	Bukavu	X	X	
	Haute-Katanga	Lubumbashi	X	X	

	Province				
	Kasai-Oriental Province	Mbuji-Mayi	X	X	
	Tshopo Province	Kisangani	X	X	
Institutional Data					
Parent (DRC: Public Service Reform and Rejuvenation Project - P122229)					
Practice Area (Lead)					
Governance					
Contributing Practice Areas					
Additional Financing AF - DRC: Public Service Reform and Rejuvenation Project P160612					
Practice Area (Lead)					
Governance					
Contributing Practice Areas					
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 Executive Directors to provide an Additional Financing (AF) in an amount of US\$45.0 million equivalent to the Democratic Republic of Congo (DRC) for the Public Service Reform and Rejuvenation Project (PSRRP, P122229).** The proposed AF is an International Development Association (IDA) grant to scale up assistance to help the public service of the DRC move toward a better performing and rejuvenated system by (a) supporting public service reform in selected ministries and agencies; (b) facilitating the retirement of civil servants who have passed the legally defined retirement age; (c) building the capacity of restructured ministries and agencies; and (d) expanding such organizational reforms to the provincial level in response to new demand that stems from a new territorial division, called ‘division’ (*découpage*).

2. **To enhance the achievement of the Project Development Objective (PDO), the proposed AF will adjust the project to new realities in the context of *découpage*,¹ and leverage the achievements of a recently closed sister project (DRC Establishing Capacity for Core Public Management Project, *Projet de Renforcement des Capacités de Gestion des Fonctions de Base de l’Administration Publique*, PRCGAP, P117382).** The overall project will be restructured to (a) modify the PDO to adapt to new realities; (b) revise Components 1 and 2 to reflect new activities, add Component 3 to leverage the achievements of the PRCGAP, and add Component 4 to expand support to the provincial level; (c) revise the Results Framework to reflect the changes introduced; and (d) extend the closing from April 30, 2019, to December 31, 2021.

II. Background and Rationale for Additional Financing

Country Context and Development Challenges

3. **The DRC is among the largest and most resource rich countries in Africa.**² With 80 million hectares of arable land, over 1,100 minerals and precious metals identified, and 15 percent of the world’s hydropower potential, the DRC has the potential to become one of the richest countries on the African continent. However, decades of conflict and corruption have left it chronically unstable, lacking infrastructure and social services. In 1999, the Lusaka Peace Accord paved the way to recovery and the establishment of new institutions within the framework of a decentralized state.²

4. **Underpinning the legitimacy of institutions with a rigorous electoral process has been challenging.** Provincial elections were held only once in 2007 and never since. At the local level, elections have never been held. The outcome of the 2011 presidential and legislative elections raised concerns about their transparency. The most recent electoral cycle, with municipal, local, and provincial elections originally planned for October 2015, was postponed. In

¹ *Découpage* (division) refers to the 2016 territorial division of provinces in the DRC that raised the number of provinces from 11 to 26, in line with the stipulations of the Constitution.

² The DRC, with a population of 71 million people spread over 2.3 million km, is a decentralized state, consists of central, provincial, and local governments. The legal framework organizes decentralization according to the following key principles: (a) transfer of key competencies of the central authority to the provinces (that is, primary and secondary education and primary health care, rural development, and agriculture) and (b) transparent rules and objective budgetary transfers between the central authority and the provinces whereby the provinces will retain 40 percent of the revenues that they generate, while 10 percent are to be redistributed through a fund of equalization.

2016, political tensions increased as the presidential and legislative elections were postponed leading to erupting violence. After intense negotiations, facilitated by the Catholic Church, elections have been postponed by one year until December 2017.

5. **This political uncertainty coincides with an economic slowdown that comes at the heels of a stretch of impressive economic growth.** From 2010 to 2014, the annual average economic growth rate was 7.7 percent. The gross domestic product growth in 2015 declined to 6.9 percent and is expected not to exceed 2.7 percent in 2016. The production of oil and mining products during the first half of 2016 has declined by 8.6 percent compared to 2015 and the drop in the global demand for raw materials has resulted in lower levels of economic activities.

6. **The current economic downturn is exerting significant fiscal stress.** Preliminary public finance figures show revenues dropping by 12.4 percent over the first seven months of 2016, which led the Government to cut the 2016 budget by 22 percent. The budget balance turned to a negative US\$260 million as of July 2016 from a surplus of US\$90 million in July 2015.

7. **Human Development Indicators have stayed consistently low during both periods of economic growth and economic downturn.** In 2015, the DRC ranked 176 out of 187 countries on the United Nations Development Programme Human Development Index. The poverty rate in the DRC remains high and the DRC's gross national income per capita, US\$410 in 2015, is among the lowest in the world. Significant segments of society remain marginalized, which contributes to patterns of distrust toward state authorities.

8. **To successfully tackle its development challenges, building strong and capable institutions is more than ever a priority for the DRC.** Since 2009, the Government has made a number of commitments to strengthen governance, including the 2009 Governance Compact (*Contrat de Gouvernance*) and the 2010 Economic Governance Matrix, which makes commitments to improve transparency in the extractive industries. In compliance with the Extractive Industries Transparency Initiative, the DRC is meeting the transparency requirements through the periodic publication of reports and all contracts signed by the Government in the oil, mining, and forestry sectors have been disclosed to the public.

Sector Context

9. **For years, the public service system has been neglected and its rules and procedures disrespected.** A number of deficiencies are hindering the public administration to perform including (a) a fragmented legal framework; (b) the lack of a human resource (HR) management system for civil servants; (c) a bloated and over-aged public service; and (d) an opaque and inequitable wage system. Taken together, these problems act as systemic constraints to institutional capacity, hampering service delivery and economic activity. Thus, the establishment of basic processes for the public service is important not only in fiscal terms (the wage bill represents around 45 percent of total expenses) but also to ensure better delivery of basic services to citizens.

10. **The DRC public service system consists of three parallel structures:** (a) a general administration that is aging and has been effectively sidelined; (b) politically appointed ministerial advisors who have taken over much of the general administration functions without a clear delineation of responsibilities; and (c) a series of ad hoc agencies, including new units (*nouvelles unités*), which duplicate institutional mandates. Short-term objectives of political

appointees and their high turnover rate have led to inconsistency in policy decisions and the multitude of agencies competing over similar mandates undermines the effectiveness of public institutions.

11. **The proliferation of Government units and agencies outside the core administration, created new categories of staff who were not given civil servant registration numbers (*numéro matricule*).** This development contributed to a fragmentation of the public service with a multitude of specific statuses (*statuts spécifiques*), without a coherent salary system.

12. **To address the challenges arising from a fragmented civil service, the parent project, the PSRRP, provided support to reforming the legal framework of the civil service.** More concretely, the PSRRP facilitated the promulgation of two new laws in 2016, the Organic Law defining the organization and functioning of the civil service of the central, provincial, and local administrations (*Loi organique fixant l'organisation et le fonctionnement des services publics du pouvoir central, des provinces et des Entités Territoriales Décentralisées*)³ and the Law on the Status of Career Civil Servants (*Loi sur le statut des agents de carrière des services publics de l'Etat, 'le Statut'*), which create a coherent legal framework for the civil service and coherent staff categories.

13. **Improving HR data management systems is a crucial part of the reform to translate the new legal framework into better HR management in practice.** The lack of reliable HR data and a lack of coordination between ministries have promoted improper hiring and remunerations. In addition, it created the conditions for an inflated wage bill and an opaque and unequal pay system. The PSRRP is addressing this challenge by conducting a biometric census to gain reliable HR data and establishing new HR units in supported ministries to provide better HR data in a sustainable way.

14. **An incoherent pay system is one of the adverse effects of the fragmented public service.** A variety of bonuses (*primes*) are being awarded and constitute up to 90 percent of the compensation package. These practices have increased opportunities for patronage-based appointments, for nontransparent trading of favors, and upward kickback arrangements. A first step in rationalizing the wage system was introduced in 2007, aiming at raising the base pay proportion of total pay from 5 percent to 40–55 percent. The PSRRP is supporting the negotiation process to further rationalize the wage system and limit discretionary premiums (*primes spécifiques*).

15. **The Congolese Civil Service is aging and has been lacking a credible retirement process.** About 55–60 percent of all Congolese civil servants have passed the mandatory retirement age but failed to retire. To move from an ignored retirement process to an effective one, the new 2016 Law on the Status of Career Civil Servants created an important precondition by raising the mandatory retirement age from 55 to 65 years and the number of years of service from 30 to 35. The PSRRP is helping the Government establish a pension fund (*Caisse Nationale de Sécurité Sociale de l'Administration Publique*). It aims to move from a fictitious to a realistic model whereby the legal retirement age matches the actual retirement age. In combination with a young professional (YP) program, this will rejuvenate the workforce.

³ The local administrations in the DRC are called Territorial Decentralized Entities (*Entités Territoriales Décentralisées*).

16. **To address these challenges, public service reforms and public sector capacity development have become key Government priorities, as reflected in the Government's strategy documents.** The 2012 Strategy for the Implementation of the Public Service Reform (*Stratégie Révisée de la mise en Oeuvre de Réforme de l'Administration Publique*) was adopted by the Public Administration and Modernization Steering Committee (*Comité de Pilotage et de Coordination de la Modernisation de l'Administration Publique*, CPMAP), along with the Strategic Framework for the Reform and Modernization of Public Administration (*Cadre stratégique général pour la Réforme et Modernisation de l'Administration Publique*). The Strategic Framework includes: (a) the revision of the regulatory framework; (b) clarification and modernization of ministerial mandates and organizational structures; (c) improved HR data management; (d) rejuvenation of the civil service; and (e) establishment of an adequate pension system. The World Bank, through the PSRRP is supporting these efforts in five cross-cutting ministries that focus on core functions: the Ministries of Finance, Budget, Planning, Portfolio, and Civil Service.

17. **Decentralization bears promise to bring the Government closer to its citizens and to place a check on central state authority, but the full potential has not yet been exploited.** The DRC's 2006 Constitution established a decentralized state with 26 provinces. It stipulates the transfer of competences and budgets (40 percent of the revenues generated by provinces, while 10 percent are to be redistributed through an equalization fund). With World Bank support, provinces developed budget management systems, personnel, and payroll management systems; established provincial audit sections; and strengthened provincial capacity to manage development projects. There are a range of challenges in this regard: (a) the transfer of competences has been curtailed by centralized personnel management.; (b) funds that should be transferred to the provincial and local levels at the beginning of the fiscal year are frequently delayed or indefinitely withheld; and (c) networks of patronage distort the incentives for officials in subnational postings and promote predatory practices (2013 provincial audits of the Court of Auditors (*Cour des Comptes*)).

18. **In the context of provinces that are not yet fully functioning, the 2016 territorial subdivision (*découpage*) introduces further challenges.** The *découpage* increased the number of provinces from 11 to 26. Addressing the shortcomings of the current state of decentralization while at the same time establishing entirely new provinces from the start, creates significant challenges relating to the viability, accountability, and effectiveness of both old and newly created provinces.

19. **The provinces do not have sufficient financial resources to ensure their own development and fiscal transfers to provinces remain inadequate.** Tax administration is still embryonic with low capacity in local tax collection. Provinces have created a multitude of new taxes, many of which are not aligned with their competencies and perceived as translating into suboptimal services for citizens. At the same time, provinces have not managed to exploit their tax potentials and tax collection varies greatly between provinces. The Equalization Fund (*Caisse de péréquation*), adopted in 2015, is not functioning. Studies show that financial transfers to provinces are at 6.3 percent of collected taxes while the Constitution stipulates 40

percent.⁴ The Government, however, includes the salaries of deconcentrated units and central government investments into its calculation, which brings it up to 25 percent.

Description of the Project and its Performance

20. **Project background.** The World Bank Board of Directors approved the original IDA grant financing of US\$77.0 million for the PSRRP on December 12, 2013 and the project became effective on May 26, 2014. The PSRRP supports the Government to pilot key aspects of public service reform in five strategic ministries that regard cross-cutting core functions: the Ministries of Finance (including the three revenue agencies: Directorate in Charge of Core Taxes (*Direction Générale des Impôts*, DGI), Directorate in Charge of Nontax Revenue Administration (*Direction Générale des Recettes Administratives, Judiciaires, Domaniales et de Participations*, DGRAD), and Directorate in Charge of Customs Administration (*Direction Générale de Douane et Accises*, DGDA); Budget; Planning (including the National Institute of Statistics); Civil Service; and Portfolio. The PDO of the parent project is to improve human resource management capacity of selected ministries and rejuvenate their workforce. The two main focus areas are (a) reforming the organization of targeted ministries and agencies to strengthen their efficiency and their capacity to monitor and coordinate reform; and (b) rejuvenating the public administration through management of the retirement process combined with support for a sustainable public service pension system and for a YP program.

21. **During the first two years of implementation, the project has produced important results**, namely by (a) developing the conceptual underpinnings of the reform; (b) facilitating a new legal framework, which has been a long-time bottleneck cleared by the project; (c) restructuring supported ministries; (d) setting up both standardized and sector-specific ministry units; (e) piloting a YP program; and (f) launching a new pension fund for the public service.

- **Conceptual reform underpinnings:** The project has finalized feasibility studies that led to the establishment of the public sector pension fund; it delivered organizational reviews, implemented a consultation mechanism with core stakeholders, including the public sector unions, which helped reduce anxiety and resistance to the reform.
- **Legal framework:** The project supported parliamentarians, the Civil Service Ministry, the Prime Minister's Office, and the President's Office, which successfully facilitated the adoption and promulgation of the Organic Law (a law interpreting constitutional stipulations) which, for the first time, formally established the DRC's public administration at three territorial levels (central, provincial, and local). In a similar vein, the project also facilitated the 2016 Law on the Status of Civil Servants, which redefines the legal retirement age at 65.
- **Restructuring of ministries:** The project has facilitated the establishment of standardized ministry units at the central level. This regards both financial management (FM) units as well as HR-focused planning and administrative units such as HR Management, Planning, and Information and Communication Technology (ICT) units.

⁴ Englebert, Pierre, and Emmanuel Kasongo. 2014. *Essor Provincial et Asphyxie Locale: Paradoxe des Réformes de Décentralisation en RD Congo* (Provincial Development and Local Asphyxia: the Paradox of Decentralization Reforms in the DR Congo).

They have been integrated into new organizational structures and are being staffed based on rigorous needs assessments.

- **YP program:** The project has recruited, through merit-based selection, a new cohort of YPs who have joined the supported ministries and agencies.
- **Pension fund for the public service:** The fund has been legally established by the decree of the Prime Minister and its coordinator and core staff have been recruited.

22. **In light of this progress the most recent Implementation Status and Results Report (ISR) continues to rate the progress toward achievement of the PDO as satisfactory.** The rating on Component 1 (targeted ministries are restructured according to their revised organizational framework) is also rated satisfactory, as the related PDO-level indicator has exceeded 50 percent of its end target, and related intermediate level indicators have reached between 61 percent and 100 percent of their respective end targets. While the project prepares for the full operationalization of the pension fund, the rating on Component 2 (establishment of a sustainable retirement system), as well as the overall implementation progress are both rated moderately satisfactory. Possible upgrade to satisfactory will be considered once the pending finalization of the biometric identification of eligible civil servants is completed. Cumulative disbursement stands at about 39 percent, which is in line with projections.

23. **On July 19, 2016, the Government submitted the request for an AF of US\$50 million to scale up the support to further improve the performance of its public sector.** The proposed restructured PSRRP will expand support to the provinces to help them organize their core functions while taking into account their challenging reality. More specifically, the PSRRP will expand the organizational review from the central to the provincial level but will adapt the approach to the different context.

24. **The AF will leverage results produced by its sister project, the DRC Establishing Capacity for Core Public Management Project (PRCGAP, P117382), which closed on January 15, 2017.** In particular, it will benefit from the public sector training centers that the project established. Annex 8 gives a detailed overview of the achievements of the PRCGAP.

Consistency with the Country Assistance Strategy

25. **The proposed AF is fully consistent with the 2017 Systematic Country Diagnostic (SCD, under preparation), the Government’s Poverty Reduction Strategy Paper II (PRSP II) and is an integral part of the Country Assistance Strategy⁵ (CAS) FY13–FY16 (report number 66158-ZR).** The first strategic objective of the CAS aims to increase state effectiveness and improve good governance, with focus on (a) supporting the implementation of the DRC’s public financial management (PFM) action plan at the central and provincial levels; (b) strengthening the capacity of civil society organizations on the demand side for good governance; and (c) reinforcing the capacity of state oversight institutions, including the parliament. The World Bank 2017 SCD identified the challenges of public sector reform as a key challenge and a critical prerequisite to help the Government live up to its development goals. On the Government side, the Prime Minister’s Office developed a strategy document in 2017 called

5

<http://documents.worldbank.org/curated/en/664211468246896400/pdf/661580CAS0Box30C0disclosed050160130.pdf>.

the dashboard to monitor priority reforms (*tableau de bord de suivi des reformes prioritaires*), which endorses the PSRRP-supported rejuvenation reform objectives as the first of eight listed priorities. The proposed AF is, therefore, consistent with most recent Government and World Bank strategy documents.

Rationale for the Additional Financing

26. **The DRC Government understands that strong institutions matter for the country to live up to its development ambitions.** The proposed AF helps the DRC build stronger public sector institutions as a foundation to make future development efforts more effective. More specifically, the AF responds to newly arising training needs generated by the rejuvenation reform and by new provinces created by the *découpage* to help strengthen public sector institutions. The AF will merge activities from the PRCGAP and PSRRP into one project, which allows the World Bank to leverage the infrastructure of training centers supported by the PRCGAP. It will bring together the demand for training and the training offerings. This concerns both initial training of the YP program as well as continuous learning for mid-career officials.

27. **The restructured project will also leverage selected results from other projects, namely the now closed DRC Enhancing Governance Capacity Project (GCEP, P104041).** The GCEP has procured an Integrated Human Resource Management System (*Système Intégré de Gestion des Ressources Humaines*, SIGRH) for the Civil Service Ministry, which the AF will operationalize. This is closely aligned with the PSRRP's activity 1.3 to strengthen the capacity for HR data management.

28. **Finally, the restructured PSRRP will expand the restructuring of targeted ministries from the central to provincial level.** In the context of *découpage*, the Conference of Provincial Governors has provided guidelines on the design of the 26 provincial governments, which are structured around a provincial one-stop-shop model. This model calls for lean consolidated provincial governments, to be viable. It also highlights the need to clarify the division of labor between decentralized and deconcentrated entities and to define which administrative units will provide the services of the one-stop-shops. As it does at the central level, the PSRRP will help define the organizational design of cross-cutting provincial ministries: Finance, Budget, Planning, and Civil Service, including the definition of standardized units. To set realistic objectives, this work will first focus on a maximum of five pilot provinces, which the PSRRP will jointly identify with the DRC Strengthening PFM and Accountability Project (PFMAP, P145747), which has been restructured to reflect this joint vision. Both projects will then encourage replication in other provinces. Annex 7 gives an overview about the different governance projects.

29. **The larger vision for the World Bank's public sector support in the DRC, post restructuring of the PFMAP and PSRRP, is to have two operations that focus on PFM reform on the one hand and administrative capacity on the other.** The advantage of the restructuring with the AF is that it can mobilize the strong team that has already successfully conducted these activities at the central level for the provincial level support. The restructured project will also mobilize the training infrastructure that was built through the PRCGAP to further strengthen the project's YP program and help mid-career civil servants in new responsibilities. The combined investment into the organizational design and HR aims at supporting a better-functioning government machinery.

30. **The proposed AF is fully consistent with OP/BP 10.00 (Investment Project Financing) and its associated instructions.** In particular, the implementation of the parent project has progressed satisfactorily. The proposed AF is the best option to sustain the gains made to help the Government rejuvenate and professionalize its public service and leverage the achievements of the recently closed PRCGAP. The advantage of the AF, as compared to a new operation, is that it can build on a country-owned steering mechanism, the Public Administration Reform Implementation Unit (*Cellule de Mise en oeuvre de la Réforme de l'Administration Publique*, CMRAP), which has proven itself as a team to steer this complex reform.

III. Proposed Changes

Summary of Proposed Changes	
<p>The AF will expand and modify Component 1 (public service reform in targeted entities, including the YP program) and Component 2 (retirement). Component 1 will be restructured to (a) respond to new realities and (b) to scale up the positive impact of the YP program. Support to feedback and reform tracking will be strengthened to provide for better diagnostics and engage stakeholders more effectively. The scaling up of the YP program regards two dimensions: (a) an additional cohort of YPs will be recruited for the provinces to respond to their needs in the context of <i>découpage</i> and (b) a new midterm career program will complement the YP program to ease the tension between YPs and mid-career civil servants who are too young to retire but too old to join the YP programs. In addition, the AF will add three new components: Component 3 will build on the achievements of the sister project PRCGAP and leverage the training infrastructure it has built. Component 4 will expand the organizational reforms to the provincial level. Component 5 will split off project management into a separate component in recognition of the complexity of the restructured project. It also covers core support to the governmental agencies in charge of steering the reform. The PDO and results framework will be adjusted to reflect these changes and the project closing date will be extended from April 30, 2019, to December 31, 2021 to allow for the successful implementation of scaled-up and newly introduced activities.</p>	
Change in Implementing Agency	Yes [] No [X]
Change in Project's Development Objectives	Yes [X] No []
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 [X] No []
Other Change(s)	Yes [] No [X]

Development Objective/Results						
Project's Development Objectives						
Original PDO						
The project development objective is to improve human resource management capacity of selected ministries and rejuvenate their workforce.						
Change in Project's Development Objectives						
Explanation:						
The PDO is modified to make it more focused and attributable to the proposed AF activities. Two changes specifically reflect the new activities:						
<ul style="list-style-type: none"> • By using the term ‘strengthen’ the civil service (alongside ‘rejuvenate’), the PDO goes beyond the more narrow HR management aspects reflected in the original PDO to encompass the added capacity development activities that leverage the infrastructure of training centers which will be mobilized as an achievement from the sister project PRCGAP. • By specifying that the project supports both ‘the central and provincial levels’, the PDO reflects the expanded support to provinces, which comes in response to urgent Government demand that stems from the <i>découpage</i> process. 						
Annex 6 provides a theory of change to show how the project—by pursuing its PDO—contributes to improving efficiency and accountability of public institutions whose services will benefit the citizens of the Democratic Republic of Congo.						
Proposed New PDO - Additional Financing (AF)						
The project development objective is to strengthen and rejuvenate the civil service in selected ministries at the central and provincial levels.						
Change in Results Framework						
Explanation:						
At both the PDO and intermediate level, new indicators will be added to measure progress on the additional and revised components and subcomponents, while several indicators included in the original project design (including the ones that have been fully achieved to date) will be dropped for purposes of relevance and adaptability to the revised project context. End target dates are updated to reflect the revised closing date.						
Compliance						
Covenants - Additional Financing (AF - DRC: Public Service Reform and Rejuvenation Project - P160612)						
Source of Funds	Finance Agreement Reference	Description of Covenants	Date Due	Recurrent	Frequency	Action
IDAT	Schedule 2, Section II.A.2	The Recipient shall not later than December 31, 2018, undertake in conjunction with the Association a comprehensive	Dec-31-2018			New

		midterm review of the Project, during which the Recipient shall exchange views generally on all matters relating to the progress of the Project and the performance by the Recipient of its obligations under the Financing Agreement, having regard to the performance indicators referred to in paragraph 1 immediately above.				
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Conditions

Source Of Fund	Name	Type
IDAT	Withdrawal Condition	Disbursement

Description of Condition

Notwithstanding the provisions of Schedule 2, Section IV, Part A of the Financing Agreement, no withdrawal shall be made for under Category (2) unless the Association has received: (i) the Payment Agency's executed contract, in form and substance satisfactory to the Association; (ii) the first list of eligible civil servants (first cohort) established through biometric identification, in form and substance satisfactory to the Association; and (iii) the contract of the technical audit firm in charge of verifying the list of eligible civil servants, executed in form and substance satisfactory to the Association. (Schedule 2, Section IV, Part B (b))

Risk

Risk Category	Rating
1. Political and Governance	High
2. Macroeconomic	Substantial
3. Sector Strategies and Policies	Substantial
4. Technical Design of Project or Program	Substantial
5. Institutional Capacity for Implementation and Sustainability	Substantial
6. Fiduciary	High
7. Environment and Social	Moderate
8. Stakeholders	Substantial

9. Other						
OVERALL					Substantial	
Finance						
Loan Closing Date - Additional Financing (AF - DRC: Public Service Reform and Rejuvenation Project - P160612)						
Source of Funds			Proposed Additional Financing Loan Closing Date			
IDA Grant			31-Dec-2021			
Loan Closing Date(s) - Parent (DRC: Public Service Reform and Rejuvenation Project - P122229)						
Explanation:						
The AF is proposing an extension of project closing date from April 30, 2019, to December 31, 2021, to allow for successful implementation of the modified and newly introduced activities.						
Ln/Cr/TF	Status	Original Closing Date	Current Closing Date	Proposed Closing Date	Previous Closing Date(s)	
IDA-H8970	Effective	30-Apr-2019	30-Apr-2019	31-Dec-2021		
Change in Disbursement Estimates (including all sources of Financing)						
Explanation:						
The disbursement estimates have been revised, as this AF will add US\$45.0 million and will extend the project closing date from April 30, 2019, to December 31, 2021, to allow for successful implementation of the modified and newly introduced activities.						
Expected Disbursements (in US\$, Millions) (including all Sources of Financing)						
Fiscal Year	2017	2018	2019	2020	2021	2022
Annual	4.00	20.00	21.00	23.00	17.00	5.34
Cumulative	4.00	24.00	45.00	68.00	85.00	90.34
Allocations - Additional Financing (AF - DRC: Public Service Reform and Rejuvenation Project - P160612)						
Source of Fund	Currency	Category of Expenditure	Allocation		Disbursement % (Type Total)	
			Proposed		Proposed	
IDAT	US\$	Goods, Works, Non-Consulting Services, Consultants' Services, Operating Costs, and Training for the Project	40.00		100.00	
IDAT	US\$	Payment of retirement benefits to eligible retirees	5.00		100.00	

		Total:	45.00	
Components				
Change to Components and Cost				
Explanation:				
<p>The restructured project will modify the first two components and add three new components. The first two components build on the parent project under implementation, the PSRRP. Component 3 builds on the results achieved by the PRCGAP (closed) to leverage its training infrastructure. Component 4 will expand support to the provincial level. Component 5 will split off project management into a separate component together with core support to the Government agencies in charge of steering the reform.</p> <p>Component 1: Supporting Public Service Reform in Selected Ministries and Agencies (AF: US\$16.8 million equivalent)⁶</p> <p>This component supports the public administration reform program with regard to coordination, implementation, and monitoring reform progress, and funds YP programs. It comprises the following subcomponents:</p> <p><i>Subcomponent 1.1: Professionalize Targeted Ministries through their Restructuring and Capacity Building for HR Management (AF: US\$1.5 million equivalent)</i></p> <p>This subcomponent will sustain the capacity building for human resource management and functional reviews of targeted entities, and operationalize the restructuring of said entities. It consolidates Subcomponent 1.2 (restructuring of ministries) and Subcomponent 1.3/1.4 (HR management) of the parent project. The AF will allow this work to move from the design to the implementation phase by adding support to staffing and training within the supported ministries. Added activities include:</p> <ul style="list-style-type: none"> • Provision of technical assistance to implement the reorganized units; • Carrying out competitive and merit-based recruitment to staff of the reorganized units; • Developing and delivery of a training program for new recruits; • Carrying out organizational review of archiving systems; • Conducting coaching of reorganizing units, to clarify respective units mandate and delineation of competencies from other entities; and • Deploying the integrated human resource management system. <p><i>Subcomponent 1.2: Rejuvenate and Professionalize the Public Service through ‘Young Professionals’ and ‘Mid-Career’ Programs (AF: US\$18.1 million equivalent)</i></p> <p>The restructured project will expand the YP program at the provincial and central levels, in two ways: (a) add a YP program at the provincial level as provinces lack qualified personnel and (b) add a ‘mid-career’ program at the central level. This modifies Subcomponent 1.5 of the parent project. The mid-career program aims to ease generational tensions within ministries and agencies. Mid-career civil servants who are too young to retire but too old to apply for the YP program feel like ‘a lost generation’. The principles</p>				

⁶ The total AF allocated to Subcomponents 1.1 to Subcomponent 1.5 is US\$20.5 million. This is explained by the fact that the allocation for Subcomponent 1.6 has been reduced by US\$4.2 million so that the total available to the other subcomponents is US\$16.3 million + US\$4.2 million = US\$20.5 million.

of the YP program (competitive recruitment and competitive salaries) will be replicated for the mid-career program. Added activities include:

- Carrying out the recruitment and payment of about 520 young professionals that integrate both targeted and decentralized ministries and decentralized units;
- Carrying out the recruitment and payment of about 450 mid-career civil servants between the ages of 35 and 55 years;
- Strengthening the National School of Administration (*Ecole Nationale d'Administration*, ENA); and
- Carrying out the recruitment of professionals as coaches to ensure a successful integration of graduates, including the young professionals and mid-career networking activities.

Subcomponent 1.3: Strengthen Accountability through a Data-Dashboard as a Platform to Plan, Coordinate, and Build Consensus on the Implementation of the Public Administration Reform (AF: US\$1.4 million equivalent)

This subcomponent will facilitate a structured consultation process that includes public sector unions. This modifies Subcomponent 1.1 of the parent project. It aims at (a) being a central monitoring and progress tracking tool for the Project Implementation Unit (PIU) and (b) promoting a dialogue among concerned stakeholders to promote transparency and trust. It will facilitate a structured consultation process that includes public sector unions. Added activities include:

- Carrying out the design and technical implementation of the ICT-based data-dashboard, including ongoing data collection;
- Developing the capacity and facilitating knowledge exchange on open data approaches including training of academia and civil society on these approaches;
- Facilitating the change of units that are established under the reform program, and acquisition of ICT equipment for such units; and
- Facilitating a structured dialogue of the key stakeholder around the dashboard.

Subcomponent 1.4: Impact Evaluation (reduced by US\$4.2 million equivalent, as Component 5 now accommodates implementation support)

This modifies Subcomponent 1.6 of the parent project and will split the implementation support (moved to Component 5), but retain the support to impact evaluation intact, making the subcomponent more focused.

Component 2: Supporting the Retirement Process (AF: US\$1.4 million equivalent)

This component will largely be retained with a few additions to Subcomponent 2.3.

Subcomponent 2.3: Technical Assistance to Establish a Public Service Pension Fund (AF: US\$1.4 million equivalent)

This subcomponent will strengthen Government's capacity to operationalize the public sector pension fund. The AF will allow for the deployment of international coaches to help core staff kick-start the fund and finance minor rehabilitation works (a risk mitigating mechanism to help the fund become operational and help achieve the PDO). Added activities include:

- Provision of technical assistance during the first twelve months of the operation of the public sector pension fund; and
- Carrying out the rehabilitation of the building of the public pension fund.

Component 3 (new component): Building Capacity through an Infrastructure of Training Centers

(AF: US\$10.9 million equivalent)

This is a new component that builds on the achievements of the PRCGAP and leverages its training infrastructure. It will also support the National Secretariat for Capacity Building (*Secrétariat National de Renforcement des Capacités*, SENAREC) in the Ministry of Planning to strengthen its institutional mandate as the DRC's one-stop-shop for capacity development.

Subcomponent 3.1: Improve the Systematic Identification of Training Needs through Coherent Capacity Development Plans (AF: US\$1.5 million equivalent)

With its core mandate of being the DRC's one-stop-shop for capacity development, SENAREC has the institutional mandate to develop the National Capacity Development Plan, in its second edition called the National Capacity Building Program (*Programme National de Renforcement des Capacités*, PRONAREC 2). Under this mandate, SENAREC is the agency best suited to help the PSRRP develop a coherent plan for the specific training needs of the reform at all levels. The subcomponent will support the following activities:

- Developing PRONAREC 2; and
- Carrying out training needs assessment and developing training plans at targeted central and provincial level entities.

Subcomponent 3.2: Improve Training Quality through Regulatory and Quality Control Functions (AF: US\$1.4 million equivalent)

This subcomponent aims at improving training quality. As the coordinating body for the eight training centers, SENAREC has established its quality control functions that it needs to fully deploy, including periodic accreditation of training programs and national certification of rapid results approach coaches. This subcomponent will finance the following activities:

- Managing the periodic accreditation of training programs countrywide;
- Managing the certification of rapid results coaches; and
- Conducting tracer studies to review the usefulness of training on the job.

Subcomponent 3.3: Strengthen Civil Servants' Capacity through an Infrastructure of Ten Training Centers and Leadership Training (AF: US\$8 million equivalent)

This subcomponent aims at strengthening the capacity of civil servants and carrying out rehabilitation of training facilities. To better cover all 26 provinces, two additional training centers will be identified. Selection criteria include existing capacity, geographic coverage of the country, and strong buy-in from the centers' management. Support will include (a) rehabilitation of facilities, provision of critical equipment, and training materials; (b) a training of trainers program for the institutions selected; and (c) the rollout of programs to other provincial centers. The project will provide funding for the centers' operational cost on a decreasing scale.

Building on the practice of performance contracts, called mission letters (*lettres de mission*) between the Central Government Ministers and the Prime Minister, the project will support an accompanying monitoring mechanism. This aims at improving the quality of performance contracts to include measurable results, defined indicators, and build capacity of academia and civil society to track indicators. This subcomponent will finance the following activities:

- Carrying out the rehabilitation and acquisition of equipment for about two training centers;
- Carrying out the maintenance of about ten training centers and respective centers facilities and

- IT infrastructure on a decreasing scale basis;
- Organizing competitions for training centers and rapid results coaches;
- Building a mechanism for efficient tracking of respective performance contracts (*lettres de mission*) between the Prime Minister and respective ministries; and
- Provision of leadership and results-based management training.

Component 4 (new component): Supporting Public Service Reform at the Provincial Level (AF: US\$7.9 million equivalent)

This component will assist new provincial governments in creating formal structures and accountability mechanisms. Activities will build on the accomplishments of the Governance Capacity Enhancement Project (GCEP, P104041, closed on February 28, 2016), which helped strengthen provincial capacity within the scope of the previous provinces (before the implementation of *découpage*). In particular, it helped (a) establish a system of intergovernmental fiscal relations between the central and provincial levels; (b) build public sector and FM systems at provincial levels; and (c) build governance reform implementation capacity. The AF for both the PFMAP and PSRRP seek to fill intervention gaps arising from *découpage*. While the PFMAP will focus on FM capacity, the PSRRP will cover the following subcomponents:

Subcomponent 4.1: Finalize the Legal Framework Governing the Decentralization Process (AF: US\$1 million equivalent)

This subcomponent will facilitate the finalization and implementation of the legal framework to facilitate the decentralization reform process. Since 2006, the Government of the DRC has enacted several laws supporting the decentralization process. However, they are still incomplete and lack decrees and application texts. This subcomponent aims to fill this gap through the following activities:

- Provision of legal advisory services for preparation and adoption processes of missing key legislation;
- Review and drafting of sector laws and regulations, and preparation of a road map for their implementation; and
- Provision of technical assistance to establish a national equalization fund (*Caisse Nationale de Pèréquation*).

Subcomponent 4.2: Support the Establishment of Provincial Administrations (AF: US\$3 million equivalent)

This subcomponent will support the conducting of organizational reviews and developing new organizational charts. In the context of *découpage*, the Government of the DRC has not yet undertaken administrative reviews to assess the provincial administrations that are currently in place. The project will help the Government conduct organizational reviews and help develop new organizational charts for cross-cutting ministries: Finance, Budget, Planning, and Civil Service (replicating what the project did at the central level). This will help delineate responsibilities between deconcentrated ministerial units in provinces and the provinces' own ministries. This work will also support the transfer of competences in compliance with the legal framework and implementation mechanisms. This subcomponent will finance the following activities:

- Provision of technical assistance to conduct an organizational review of selected priority provinces, and a staffing needs assessment;
- Developing and implementing new organigrams, and conceptualizing standardized units, and

core job descriptions;

- Provision of technical assistance for elaboration of provincial training plans in line with the respective province staffing assessment needs; and
- Provision of technical assistance to establish viable consolidated administrations.

Subcomponent 4.3: Improve the Coordination and Monitoring of the Decentralization Process (AF: US\$3.9 million equivalent)

This subcomponent will support the improvement of the coordination and monitoring of the decentralization reform process, coordinated by (a) at the strategic level: the Interministerial Steering Committee for Coordination and Monitoring of the execution of the Decentralization (*Comité Interministériel de Pilotage, de Coordination et de Suivi de la Mise en Œuvre de la Décentralisation*); (b) at the operational level: the Ministry of Decentralization; and (c) at the technical level: Technical Secretariat to support the Decentralization (*Cellule Technique d'Appui à la Décentralisation*, CTAD).

This subcomponent will also support the design and implementation of provincial data-dashboards that will collect and share information on provincial mandates, responsibilities, and performance. It will become the analytical core of an engagement and communication strategy to support new and old provinces live up to their mandates. It will finance the following activities:

- Provision of technical assistance to conduct diagnostics;
- Carrying out refurbishment of the office space, and acquisition of logistics equipment for the Technical Unit for Support to Decentralization (*Cellule Technique d'Appui à la Décentralisation*);
- Carrying out the design and implementation of provincial level data-dashboards;
- Provision of technical assistance for elaboration of a communication strategy;
- Provision of training to civil servants on decentralization, and creating effective provincial response capacity to move from analysis to doing;
- Organizing a national forum dedicated to the assessment of the strategic framework for the implementation of decentralization (*Cadre Stratégique de Mise en Oeuvre de la Décentralisation*); and
- Conducting translation of the governing law and legal texts into the four national languages.

Component 5 (new component): Project Management and Core Support to Government Agencies in Charge of Steering the Reform (AF: US\$8 million equivalent)⁷

This component aims to provide assistance to government agencies in charge of steering the reform under the leadership of the CMRAP. This will cover coordination, administration, communication, FM, procurement, and monitoring and evaluation (M&E). Apart from the CMRAP in the MPS, it will also fund core staff within SENAREC, in the Ministry of Planning. The rationale is to facilitate the merger of activities of the PSRRP and PRCGAP and effectively leverage the training infrastructure coordinated by SENAREC.

Current Component Name	Proposed Component Name	Current Cost (US\$, Millions)	Proposed Cost (US\$, Millions)	Action

⁷ An amount of US\$4.2 million was reallocated from Subcomponent 1.6 of the parent project under implementation. Taking this into account, the effective AF is US\$3.6 million.

Component 1: Supporting Public Service Reform in Selected Ministries and Agencies	Component 1: Supporting Public Service Reform in Selected Ministries and Agencies	39.70	56.50	Revised
Component 2: Supporting the Retirement Process	Component 2: Supporting the Retirement Process	30.30	31.70	Revised
n.a.	Component 3: Building Capacity through an Infrastructure of Training Centers	0.00	10.90	New
n.a.	Component 4: Supporting Public Service Reform at the Provincial Level	0.00	7.90	New
n.a.	Component 5: Project Management and Core Support to Government Agencies in Charge of Steering the Reform	0.00	8.00	New
Unallocated contingency	n.a.	7.00	7.00	No change
	Total:	77.00	122.00 ⁸	
Other Change(s)				
Implementing Agency Name				
Type		Action		
CMRAP		Implementing Agency		No Change
Change in Implementation Schedule				
Explanation: The change in implementation schedule is reflective of the proposed extension of project closing date, from April 30, 2019, to December 31, 2021, to allow for successful implementation of the modified and newly introduced activities.				

⁸ Exchange rate losses have reduced the original grant amount to US\$67.8 million. Combined with US\$45 million of the AF, the total would be US\$112.8 million at current exchange rates.

IV. Appraisal Summary

Appraisal Summary
Economic and Financial Analysis
<p>Explanation:</p> <p>The economic analysis of the parent project remains valid but has been updated to accommodate a new legal framework, notably a change in the retirement age from 55 to 65 years and a change in the required years of service from 30 to 35 years.</p> <p>Wage payments for civil servants in the DRC account for more than 45 percent of the national budget. To scale down this excessive expenditure, the public service needs to be considerably reduced through mandatory retirement.</p> <p>The project's retirement operation targets 5,400 employees, which will generate approximately US\$5.4 million of fiscal space in the national budget, once pension payments are considered. This created fiscal space will allow the Government to invest in its rejuvenated administration and finance other development projects.</p> <p>To facilitate these reforms, it is necessary to establish a pension system for civil servants. Despite the current law on the general status of the public agents stipulating the payment of pensions, such a system has yet to be set up. The required amount of annual pension for the targeted 5,400 retirees is estimated to be approximately US\$12.5 million, which must be covered by the Government as a recurrent cost and auto-financed in the future. To achieve this, the creation of an auto-financed pension system will be accelerated per feasibility studies conducted by United Nations Development Programme (UNDP) in 2005 and the parent project in 2016 (Component 2).</p> <p>Given the current deficiencies in HR management, the identification of eligible agents for the mandatory retirement is essential before processing indemnity payments. To this end, the operation includes sensitization elements, fingerprinting identification, and the issuing of identity cards for the identified agents. These efforts will be modelled after successful similar operations in the Ministry of Environment and the Ministry of Defence.</p> <p>Rationale for public sector financing. There is no alternative to public sector financing for strengthening core institutions and building the capacity of Government agencies. The proposed AF strengthens core public sector capacity.</p> <p>Value added of World Bank support. The World Bank is at the center of the policy dialogue on public sector reform and is viewed by the Government as a lead development partner. The design of the AF builds on the achievements of the parent project and leverages the results of other projects. The Country Engagement Memorandum (2011), as well as the SCD 2017, have identified the challenges of public sector reform as a critical prerequisite to ensure successful achievement of the twin goals.</p> <p>The World Bank has been supporting public sector reform since the DRC's transition period in the early 2000s. The World Bank has the ability to contribute to all stages of public sector reform as compared to other development partners operating in sectors. Therefore, the World Bank through its convening power is able to (a) foster an enabling environment that can and continues to rally other donors on the Government reform agenda and (b) mobilize and deploy technical expertise to support a wide range of reforms through innovative solutions to the client.</p> <p>Other donors are endorsing the rejuvenation reform but are looking at the World Bank to take the lead in supporting this reform so that there is no duplication in donor efforts but rather complementarity.</p>

In addition, the World Bank’s strong engagement in the DRC allows it to leverage this reform to the benefit of sector reforms and exploit synergy well. As an example, the rejuvenation reform is being scaled into the health sector through the ‘DRC Health System Strengthening Additional Financing (P157864).’

Technical Analysis

Explanation:

The project builds on an ongoing policy dialogue around key aspects of the rejuvenation process and the progress achieved by the parent project. As a result of these discussions among the relevant stakeholders, potential stumbling blocks were identified and addressed.

First, issues related to staff identification and the verification process were examined, as this is a particularly complex issue in the DRC. In the context of the current operation, staff identification will be based on a standard methodology that was tested successfully in the pilot retirement process in the Ministry for Environment.

Second, the legal framework governing the retirement process has been revised with support from the parent project, so that a clear and transparent retirement process can unfold.

Third, under the parent project, all supported ministries have rationalized their organizational structures and aligned themselves with the new decentralized mode of governance before the recruitment of new staff. Such efforts will also enable the Government to guarantee pension payments, because new recruitment will be based on a calculated replacement ratio, which takes into account pension payments.

Fourth, the découpage process created 26 provinces by splitting existing ones. The newly created provinces are in a situation of building their government machinery from the start, leading to strong demand for technical assistance to provinces, to which the AF responds. The project will help develop consolidated administrations in accordance with the orientations provided by the Conference of Provincial Governors, which adopted a provincial one-stop-shop model.

Last, given the low-capacity context of the DRC, leveraging the training centers under Component 3 of this AF will allow to train staff for continued reform performance.

Social Analysis

Explanation:

The project does not trigger any social safeguards policies. The social impacts of the project are expected to be positive, as it helps civil servants eligible to retire to receive an additional one-time payment, as well as trainings which will support their transition to becoming retirees.

The retirement indemnities and pensions are defined by law, and the starting assumption under this project is that legal provisions will be strictly applied. The decrees and interministerial regulations issued by the Government are based on the principles of social justice and sustainability. Under the support of this AF, a grievance and dispute resolution mechanism (GDRM) will be established as a global mechanism which will help persons or groups affected by retirement plans and will ensure that due process will be followed when designing and implementing such programs.

The credibility of pension payments to retirees remains a risk due to low budget credibility. Accordingly, PFM reforms supported by the PFMAP and the establishment of the pension fund should improve the regularity of pension payments. The linkage between pension payments and the Government pay policy will ensure that pensions will rise in line with future pay raises.

Environmental Analysis

Explanation:

No environmental safeguards policies are triggered for the AF of the project. The environmental category of the project remains 'C' and activities do not require an Environmental Impact Assessment. The grant will finance minor refurbishment works in the amount of US\$500,000, in accordance with World Bank requirements, for which safeguards instruments are not needed.

Risk

Explanation:

The overall governance environment in the DRC is conducive to risk, given the country's fragility and political situation. In this context, successful implementation of public sector reforms is a challenge. The overall risk rating for the project is assessed as substantial, influenced by the country's political and macroeconomic situation, as well as weak governance and capacity risks.

Political and Governance (high). The 2016 and 2017 elections might be marred by violence and contestations, which, in turn, will affect the achievement of this project's PDO. This risk may affect the entire World Bank portfolio in the DRC.

Macroeconomic (substantial). Exports are dominated by mining products, while prices remain volatile on world markets. Due to weak governance and unresolved security issues, the risk that macroeconomic policy does not meet expectations remains elevated. A sharp fall in mining product prices is difficult to absorb and may destabilize the macroeconomic policy. Fiscal pressures that are accommodated by (a) monetary financing; (b) domestic arrears; or (c) defaults on external debt are risks for economic stability. The PFMAP, which is implemented in parallel, intends to help mitigate against the risk of possible macroeconomic policy slippages. The substantial risk in this category will be partly mitigated by close monitoring and the World Bank's close coordination with the International Monetary Fund and the donor community.

Sector Strategies and Policies (substantial). Risks related to governance strategies and policies in the DRC remain substantial and will continue to have a potentially negative impact on project performance. Economic governance risks in the DRC remain considerable and affect the whole of the political, economic, and social spheres. Successful implementation of any project that addresses areas of strong vested interest (such as decentralization, PFM, and public service management) will, therefore, be affected by negative dynamics. To mitigate these risks, an enhanced economic governance dialogue has been established since September 2010, which includes critical aspects of institutional reform in the public sector and in national-subnational relations. In addition, the AF will enhance the engagement of concerned stakeholders through (a) the data-dashboard as a central participation platform for stakeholders and (b) change units installed in each beneficiary ministry and agency to closely consult as the project is being implemented.

Technical Design of Project or Program (substantial). Complexities of the proposed reforms and the expansion from the central to the provincial level present a challenge. To address the risk arising from the technical design of the proposed operation, the project will use an incremental approach to implement the proposed reforms, focusing on a maximum of five pilot provinces and starting with diagnostics. The selection of pilot provinces will consider (a) the geographic coverage of training centers; (b) the level of commitment of provincial authorities; and (b) target activities that are focused and realistic, both with regard to their scope and level of ambition, and include capacity-building activities.

Institutional Capacity for Implementation and Sustainability (substantial). Capacity constraints constitute critical risks for projects that involve numerous stakeholders, at both the central and provincial levels. The overall implementation arrangements of the parent project will be maintained for the AF. These

arrangements have been in place for managing the project satisfactorily over the last two years and will be maintained accordingly. More specifically, the AF will leverage the capacity of (a) the CMRAP, which has been the PIU for the parent project and (b) SENAREC, which has been the PIU for the PRCGAP, the sister project whose achievements inform the added capacity development activities in Component 3. With regard to (a) the CMRAP, the team has been renewed in the lead-up to this restructuring with the AF, using a merit-based process with the support of an external recruitment agency. Following negotiations between the Government and the World Bank, the role of the CMRAP coordinator had been strengthened by the Government, which gives reassurance to the World Bank. With regard to (b) SENAREC, the project has closed with all results indicators fully achieved and the project will leverage the capacity of SENAREC to contribute technical inputs into all capacity development activities, for which SENAREC holds the institutional mandate. Some core positions in SENAREC, namely the coordinator, have also been changed in the lead-up to this project. Further staffing changes will be considered but SENAREC poses a lower risk factor as, under this project, it will no longer be a PIU but a technical partner. The responsibility for implementing the restructured project with the AF will remain with the CMRAP so that there are clear responsibilities and accountability.

Beyond the PIU level, frequent change of senior government authorities could undermine sustained Government commitment to the project. The project team will strengthen further collaboration and dialogue at the senior level to keep the authorities engaged in the project implementation and monitoring and to mitigate relevant risks.

Fiduciary (high). Country fiduciary systems have been strengthened, but capacity constraints remain significant. Procurement and FM systems are evolving under new legal and institutional frameworks, hence reducing the likelihood of major fiduciary problems. Project-related systems, therefore, become less isolated and better embedded, reducing their exposure. However, the new systems remain fragile and the potential impact of misconduct and mismanagement remains substantial. To mitigate the fiduciary risk, the project implementation team has been strengthened to improve implementation capacity. In particular, the project will make usage of international consultants to reduce fiduciary risks, namely on FM and procurement. The World Bank team will also maintain a close monitoring of the project activities through conveying regular implementation support missions and continual hands-on support. Independent and periodic assessments will also be conducted.

Stakeholders (substantial). Governance projects of this type are, by their nature, susceptible to political volatility. In addition, this project deals with central/subnational relations, which poses further risk. To date, successive public service ministers, and their frequent changes, had not created a negative impact on the project as all remained committed to the rejuvenation reform and the achievement of the PDO. Civil servants eligible for retirement, and the public sector unions representing them, could become a serious bottleneck for the implementation of the reform if they do not buy into the reform. To mitigate this risk, in the lead-up to this restructuring, the project has intensified the consultative process with public sector unions. The project facilitated the elections of legitimate union representatives so that civil servants feel that they have a legitimate voice in the process. The consultative process funded by the AF will further strengthen that engagement with the help of new change units in each supported ministry and agency.

V. World Bank Grievance Redress

31. Communities and individuals who believe that they are adversely affected by a WBG 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 1: Revised Results Framework and Monitoring Indicators

Project Development Objectives							
Original Project Development Objective - Parent:							
To improve the human resource management capacity of selected ministries and rejuvenate their workforce							
Revised Project Development Objective - Additional Financing:							
To strengthen and rejuvenate the civil service in selected ministries at the central and provincial levels							
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
New	Indicator 1: Percentage of staff who state that they have used the training that they received on the job	<input type="checkbox"/>	Percentage	Value	0	68	75
				Date	December 31, 2013	February 28, 2017	December 31, 2021
				Comment			
Revised	Indicator 2: Civil servants eligible for retirement in the targeted ministries who receive their retirement benefits/packages and retire from active service	<input type="checkbox"/>	Percentage	Value	0	0	90
				Date	December 31, 2013	February 28, 2017	December 31, 2021
				Comment	Moved from intermediate to PDO level and revised annual and end targets (including end target date)		
Marked for Deletion	Recruitment of civil servants in the targeted ministries is based on the new organizational norms and procedures.	<input type="checkbox"/>	Percentage	Value	0	100	100
				Date	May 31, 2014	December 31, 2016	October 31, 2017
				Comment	Dropped for purposes of relevance and adaptability to the revised project context		
New	Indicator 3: Young professionals employed in the public administration after completing	<input type="checkbox"/>	Percentage	Value	0	50	70
				Date	December 31, 2013	February 28, 2017	December 31, 2021

	their training program			Comment			
New (Sub-indicator)	Of which at least 25 percent are women	<input type="checkbox"/>	Percentage	Value	0	18	25
				Date	December 31, 2013	February 28, 2017	December 31, 2021
				Comment			
Intermediate Results Indicators							
Component 1: Supporting Public Service Reform in Selected Ministries and Agencies							
Status	Indicator Name	Core	Unit of Measure		Baseline	Actual (Current)	End Target
Marked for Deletion	Ministries meeting annual restructuring plan targets based on the new organizational norms and procedures		Number	Value	0	5	5
				Date	December 31, 2013	February 28, 2017	December 31, 2017
				Comment	Dropped for purposes of relevance and adaptability to the revised project context		
Marked for Deletion	Ministries with transparent mechanisms to manage human resources, including recruitment and promotion of qualified staff		Number	Value	0	5	5
				Date	December 31, 2013	February 28, 2017	December 31, 2017
				Comment	Dropped for purposes of relevance and adaptability to the revised project context		
Revised	Intermediate Indicator 1: Civil servants in targeted entities recruited per the new organizational norms and procedures	<input type="checkbox"/>	Percentage	Value	0	24	70
				Date	December 31, 2013	February 28, 2017	December 31, 2021
				Comment	Moved from PDO to intermediate level and revised annual and end targets (including end target date)		
New (Sub-indicator)	(i) at Central Government level	<input type="checkbox"/>	Percentage	Value	0	60	90
				Date	December 31, 2013	February 28, 2017	December 31, 2021
				Comment			
New (Sub-indicator)	(ii) at provincial level in pilot provinces		Percentage	Value	0	0	50
				Date	December 31, 2013	February 28, 2017	December 31, 2021

				Comment	Revised annual and end targets (including end target date).		
Revised	Intermediate Indicator 2: Cases of irregular civil servants in targeted ministries is resolved	<input type="checkbox"/>	Number	Value	0	0	50
				Date	December 31, 2013	February 28, 2017	December 31, 2021
				Comment	Revised annual and end targets (including end target date)		
Revised	Intermediate Indicator 3: Young professionals trained for both the central and provincial levels as part of a YP program.		Number	Value	0	417	1,400
				Date	December 31, 2013	February 28, 2017	December 21, 2021
				Comment	Revised annual and end targets (including end target date)		
Revised (Sub-indicator)	Of which 25 percent are women		Number	Value	0	75	350
New	Intermediate Indicator 4: Mid-career civil servants between 35 and 55 years of age are trained as part of a mid-career program.		Number	Value	0	0	450
				Date	December 31, 2013	February 28, 2017	December 31, 2021
				Comments			
New (Sub-indicator)	Of which at least 25% are women		Number		0	0	112
Component 2: Supporting the Retirement Process							
Revised	Intermediate Indicator 5: Grievances/disputes on retirement benefits solved during the retirement process		Percentage	Value	0	0	60
				Date	December 31, 2013	February 28, 2017	December 31, 2021
				Comment	Revised annual and end targets (including end target date)		
Marked for Deletion	An external and independent agency to facilitate payment of retirements benefits is recruited	<input type="checkbox"/>	Yes/No	Value	No	No	Yes
				Date	May 31, 2014	December 31, 2016	July 31, 2017
				Comment	Dropped for purposes of relevance and adaptability to the revised project context		
Mark for Deletion	The civil service Pension Fund is established		Yes/No	Value	No	Yes	Yes
				Date	May 31, 2014	December 31, 2016	July 31, 2017
				Comment	Dropped for purposes of relevance and adaptability to the		

					revised project context		
Revised	Intermediate Indicator 6: Regular Government employees identified and validated through the biometric identification process	<input type="checkbox"/>	Percentage of total staff	Value	0	0	90
				Date	December 31, 2013	February 28, 2017	December 31, 2021
				Comment	Revised annual and end targets (including end target date)		
Component 3: Building Capacity through an Infrastructure of Training Centers							
New	Intermediate Indicator 7: New training centers with work plans are established and operational	<input type="checkbox"/>	Number	Value	0	0	2
				Date	December 31, 2013	February 28, 2017	December 31, 2021
				Comment			
New	Intermediate Indicator 8: Rapid results initiatives achieving at least 90% of the goals set in the performance contract	<input type="checkbox"/>	Percentage	Value	0	55	70
				Date	December 31, 2013	February 28, 2017	December 31, 2021
				Comment			
Component 4: Supporting Public Service Reform at the Provincial Level							
New	Intermediate Indicator 9: Pilot provinces with core administrative functions (Finance, Budget, Civil Service, and Planning) established and operational	<input type="checkbox"/>	Number	Value	0	0	5
				Date	December 31, 2013	February 28, 2017	December 31, 2021
				Comment			
New	Intermediate Indicator 10: Provincial level data-dashboards are operational with citizen feedback embedded	<input type="checkbox"/>	Number	Value	0	0	3
				Date	December 31, 2013	February 28, 2017	December 31, 2021
				Comment			

Annex 1A: Results Framework with Annual Targets, Data Source, and Responsibility for Data Collection

The PDO is to strengthen and rejuvenate the civil service in selected ministries at the central and provincial levels.											
PDO Level Results Indicators	Core	Unit of Measure	Baseline (2013)	Cumulative Target Values				Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition)
				YR1 2018	YR2 2019	YR3 2020	YR4 2021				
New: PDO Indicator 1: Percentage of staff who state that they have used the training that they received on the job	X	% (percentage of total staff on training)	0	68	70	73	75	Semiannual	SENAREC/Training centers	SENAREC	Indicator verifies how useful training is on the job, measured approximately 2 to 5 months after the training was received.
Revised: PDO Indicator 2: Civil servants eligible for retirement in the targeted ministries have received their retirement benefits/packages and retired from active service	<input type="checkbox"/>	Percentage of total staff eligible for retirement in the targeted ministries as of December 31, 2015	0	10	30	70	90	Quarterly	The MPS provides quarterly reports of statistics on identification and verification of the eligibility of civil servants for retirement. The statistics include number of retired staff, benefits paid, complaints dealt with and retired cohorts.	Each targeted ministry, in collaboration with MPS and Budget	Indicator verifies that identification and verification are completed, complaints have been dealt with, and the retirement process is operational.
New: PDO Indicator 3: Young professionals employed in the public administration after completing their training program to rejuvenate the	<input type="checkbox"/>	Percentage	0	0	30	50	70	Semiannual	Appointment letter signed by the MPS in combination with control missions of the CMRAP	FP, in collaboration with each targeted ministry	Indicator verifies that recruitment norms and procedures to recruit YPs are being applied and accurate HR data are available.

targeted ministries											
Of which at least 25 % are women			0	25	25	25	25				
INTERMEDIATE RESULTS											
Intermediate Result (Component 1): Supporting Public Service Reform in Selected Ministries and Agencies											
Revised: Intermediate Result Indicator 1: Civil servants in targeted entities recruited per the new organizational norms and procedures	<input type="checkbox"/>	% (Percentage of total new recruitment in the targeted ministries)	0	30	45	60	70	Semiannual	Recruitment records of each targeted ministry/agency /province	Each targeted ministry, in collaboration with the MPS	Verify that new functional frameworks prepared for each ministry and province and being implemented through reorganization, hiring, and retirement. Monitoring will verify progress achieved. The indicator aggregates the two sub-indicators equally.
New (Sub-indicator): (i) at the Central Government level		%	60	60	70	80	90	Semiannual	Recruitment records of each targeted ministry or agency	Each targeted ministry, in collaboration with the MPS	
New (Sub-indicator): (ii) at provincial government level in pilot provinces		%	0	0	20	40	50	Semiannual	Recruitment records of each targeted province	Each targeted province/CMRAP	
Revised: Intermediate Result Indicator 2: Cases of irregular civil servants in targeted ministries is		% (percentage of total irregular cases received)	0	0	30	40	50	Semiannual	The MPS identified cases of irregular civil servants	Inspection Division of the MPS	Indicator measures the number of irregular cases identified and resolved by the MPS.

resolved											
Revised: Intermediate Result Indicator 3: Young professionals are trained for both the central and provincial levels as part of a YP program	X	Number	0	500	1,000	1,400	1,400	Semiannual	Verify from the MPS and line ministries records	Ministry FP in collaboration with each targeted ministry	The project unit will work with focal points in each targeted ministry to monitor and record YPs recruited in all project-supported activities. The gender indicator is a core World Bank indicator.
Of which at least 25% are women			0	125	250	350	350				
New: Intermediate Result Indicator 4: Mid-career civil servants between 35 and 55 years of age are trained as part of a mid-career program	X	Number	0	150	300	450	450	Semiannual	Verify from the MPS and line ministries records	Ministry FP in collaboration with each targeted ministry	The project unit will work with focal points in each targeted ministry to monitor and record mid-career professionals recruited in all project supported activities (with focus on gender).
Of which at least 25% are women			0	37	75	112	112				
Intermediate Result (Component 2): Supporting the Retirement Process											
Revised: Intermediate Result Indicator 5: Grievances/disputes on retirement benefits solved during the retirement process	<input type="checkbox"/>	%	0	0	20	40	60	Semiannual	Verify from MPS records	The MPS/Independent Agency	Refers to the percentage of irregular cases that have been resolved over the assessed number of irregular cases
Revised: Intermediate Result Indicator 6: Regular Government		% Of total staff of target ministries	0	20	40	70	90	Semiannual	Verify from MPS records	MPS/Independent Agency	Indicator measures the total number of official civil servants by category, grade,

employees identified and validated through the biometric identification process											department, and location who are identified and validated
Intermediate Result (Component 3): Building Capacity through an Infrastructure of Training Centers											
New: Intermediate Result Indicator 7: New training centers with work plans are established and operational	Number	0	0	0	1	2	Semiannual	Verify from SENAREC records	Ministry of Planning/SENA REC	This indicator monitors that three additional training centers have been identified based on geographical needs and are created and fully operational with a yearly detailed work plan.	
New: Intermediate Result Indicator 8: Rapid results initiatives achieving at least 90% of the goals set in the performance contract	%	0	55	60	65	70	Semiannual	Verify from SENAREC records	Ministry of Planning/SENA REC/training centers	This indicator monitors the effectiveness of rapid results initiatives.	
Intermediate Result (Component 4): Supporting Public Service Reform at the Provincial Level											
New: Intermediate Result Indicator 9: Pilot provinces with core administrative functions (Finance, Budget, Civil Service, and Planning) established and operational	Number	0	1	2	3	5	Semiannual	Verify from the provincial government records	The CMRAP in collaboration with provincial authorities	This indicator measures the number of provinces that have established and operationalized core administrative functions (Finance, Budget, Civil Service, and Planning).	
New: Intermediate	Number	0	0	1	2	3	Semiannual	Verify from the	The CMRAP in	This indicator	

Result Indicator 10: Provincial level data-dashboards are operational with citizen feedback embedded									provincial government records	collaboration with provincial authorities	measures data-dashboards as a monitoring and accountability tool at the provincial level.
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Note: Targeted ministries refers to the five project supported ministries (Budget, Finance, Planning, Portfolio, Public Services); the three financial agencies (DGI, DGRAD, DGDA); and the National Institute of Statistics (*Institut National des Statistiques*, INS), a total of nine entities. Targeted ministries is used to include all nine supported entities.

Irregular civil servants refers to those hired outside the civil service system, who are not included in the payroll. These civil servants are referred to as non-mechanized (*non-mécanisés*).

Annex 2: Detailed Description of Modified or New Project Activities

1. **The restructured project with AF will be composed of five components**, the first two of which build on the existing project PSRRP and are being modified to adapt to new demand. Component 3 builds on the results achieved by the PRCGAP to leverage its training infrastructure. Component 4 will expand support to the provincial level in the context of *découpage*, and Component 5 concerns project management:

2. As a result of these modifications, the project will be composed of the following five components:

- Component 1: Supporting Public Service Reform in Selected Ministries and Agencies (US\$16.8 million AF, US\$56.5 million total);
- Component 2: Supporting the Retirement Process (US\$1.4 million AF, US\$31.7 million total);
- Component 3: Building Capacity through an Infrastructure of Training Centers (US\$10.9 million AF, US\$10.9 million total);
- Component 4: Supporting Public Service Reform at the Provincial Level (US\$7.9 million AF, US\$7.9 million total); and
- Component 5: Project Management and Core Support to Government Agencies in Charge of Steering the Reform (US\$8 million AF, US\$8 million total).

Component 1: Supporting Public Service Reform in Selected Ministries and Agencies (AF: US\$16.8 million equivalent)

3. **This component aims to support the public administration reform program with regard to coordination, implementation, and monitoring progress and impact of key aspects of the reform.** It will also assist with a strong communication strategy that leverages data-based analysis and dialogue with the support of a dashboard to build broad consensus around the reform. It will finance technical assistance and diagnostics as they emerge during the reform implementation process and the project implementation arrangements.

Subcomponent 1.1: Professionalize Targeted Ministries through their Restructuring and Capacity Building for HR Management (AF: US\$1.5 million equivalent)

4. **This subcomponent will sustain the capacity building for human resource management and functional reviews of targeted entities, and operationalizing the restructuring of said entities. It consolidates Subcomponent 1.2 (restructuring of ministries) and Subcomponent 1.3/1.4 (HR management) of the parent project.** Organizational, functional, and capacity reviews will be based on a governance-auditing approach, which reviews organizational structures, institutional arrangements, and processes and capacity against the institutional mandates. The findings of the audits are being used to reorganize the ministries; establish standardized core financial and administrative management units, called *structures standard*, as well as specialized technical units specific to the ministries' specific mandates, called *structures spécifiques*; and help them elaborate an action plan to improve senior management leadership as well as production processes of staff for better delivery of their mission.

5. **The restructured project will support the competitive, merit-based recruitment of civil servants who will be given responsibilities in these new entities.** Building on the training infrastructure built by the PRCGAP, the restructured project will also mobilize training by a pool of SENAREC coordinated training centers to build the capacity of the new recruits. This will include both technical trainings as well as trainings in results-based management approaches to help public institutions improve their performance.

6. **As originally designed, this subcomponent will also support the Government generate better data on its workforce and allow for better HR planning.** In addition, it will add support to the SIGRH, which the GCEP has procured for the Civil Service Ministry but not yet deployed. Taking over from the preparatory work of the GCEP, the restructured project will finalize the implementation of the SIGRH that aims to build an electronic interface of the HR database in the Civil Service Ministry and the payroll in the Ministry of Budget. The SIGRH will also generate HR data that will be reused in the dashboard to allow for a broad engagement around the reform progress.

7. **The effective management of the public service workforce remains one of the most critical binding constraints for the establishment of a functioning public administration.** Overall, the DRC Government currently has no effective control over the exact number of civil servants, the quality of its workforce, or personnel movement. The number of registered civil servants and security agents receiving salaries through the regular payroll system is estimated at 236,000 (excluding teachers) and 334,000 (including teachers). However, there are a number of employees who have been hired outside of the regular civil service system and hence not registered with the MPS, yet paid by the Government budget through the payroll.

8. **The lack of a reliable database and poor documentation and archiving systems implies that neither the Civil Service Ministry nor the hiring ministries know the exact number of civil servants,** thus impeding their ability to manage careers and retirement and ensure the veracity of the data. To remedy this long-standing situation, as well as to set the basis for mastering HR data and set some controls on the management of civil servants including managing their retirement, the project is supporting the MPS with a biometric identification of the civil servants at the central and provincial levels, which builds on earlier efforts since in 2009. This will help generate and clean HR data and support contract monitoring to avoid repeating the costly identification exercise.

9. **The MPS will be supported to establish internal rules, procedures, management, and control functions** that are the preconditions for a well-functioning HR management system.

10. **The project also supports the Government with better HR planning systems.** This aims to build a coherent approach to recruitment procedures and career development processes. Currently, the Government has not yet adopted a harmonized approach, which increases the risk of using savings generated by the retirement process for other purposes, and hence, undermines the sustainability of the retirement program. This work will also support the Government in better planning of the integration of YPs.

11. **In addition, ongoing efforts made by the Government toward the rationalization of the pay system will be supported.** This aims at reversing the ratio between the base salary and a set of premia that, thus far, have been incoherent and varying to a great degree. The objective is to help the Government bring order in the pay system and reduce discretionary interventions.

12. The following activities will be financed:

- Provision of technical assistance to implement the reorganized units;
- Carrying out competitive and merit-based recruitment to staff of the reorganized units;
- Developing and delivery of a training program for new recruits;
- Carrying out organizational review of archiving systems;
- Conducting coaching of reorganizing units, to clarify respective units mandate and delineation of competencies from other entities; and
- Deploying the integrated human resource management system.

Subcomponent 1.2: Rejuvenate and Professionalize the Public Service through ‘Young Professionals’ and ‘Mid-Career’ Programs (AF: US\$18.1 million equivalent)

13. **The restructured project will expand the YP program at the provincial and central levels, in two ways: (a) add a YP program at the provincial level as provinces lack qualified personnel and (b) add a ‘mid-career’ program at the central level.** The mid-career program aims to ease generational tensions within ministries and agencies, which are integrating the new YPs into their workforce. Current civil servants who are in a mid-career situation, too young to retire but too old to apply for the YP program, feel like ‘a lost generation’. YPs are being competitively recruited and receive more competitive salaries to attract and retain talent to the civil service. The same principles will be replicated for the mid-career program with the only difference that it targets the age group above the YP program.

14. **From the large pool of current career civil servants, a competitive selection will select the 520 most qualified who, once selected, will receive intensive training that leads to new responsibilities and—as for the YPs—a more competitive salary.** This will help defend the argument that the higher salary is linked to a competitive selection combined with intensive training and that everyone has a chance to apply, not only young new comers. This also aims at reducing resistance against YPs, which risks derailing the purpose of the YP program by creating a broader pool of competitively selected and trained young and less young civil servants that will integrate targeted ministries and agencies to take on new responsibilities.

15. **The provincial-level YP program aims to recruit and remunerate YPs to be deployed in the 26 newly created provinces.** As many provinces currently do not have solid provincial administrations, recruiting a new cohort of YPs can play a role in professionalizing the newly created provincial administrations. Based on the DRC’s reality whereby core provincial competencies and functions are being executed by deconcentrated units of Central Government ministries, of the 20 YPs who will be deployed per province, 12 will join the provincial administrations and eight will join the deconcentrated units of targeted ministries, namely the deconcentrated units of the Ministries of Finance, Budget, Planning, Planning and Public Service, thus two per deconcentrated ministry-unit per province.

16. **To smoothen the integration of YPs and mid-career trainees, additional onboarding training, including ethics training, and an on-the-job coaching program will be added to the restructured project.** This aims to facilitate the successful integration of YPs and mid-career civil servants to set them up for success because the reform expects them to be major change agents in the Government’s efforts to professionalize its civil service. These additional

programs were designed in response to the multistakeholder consultations the project has conducted and its findings that major resistance could derail the objectives of the YP program.

17. **Both YP and mid-career programs are designed to effectively use the cost savings generated by the retirement program (Component 2) to recruit competent staff and invest in the next generation of civil servants.** Over time, this is expected to develop a well-recognized ‘brand’ that can help build an ‘*esprit de corps*’ among the new generation of civil servants, creating a sense of pride and raising the profile of the public administration among graduates. To sustain ENA, which was relaunched with support from the PRCGAP, the project will also support its training activities for new recruits.

18. This subcomponent will finance the following activities:

- Carrying out the recruitment and payment of about 520 young professionals that integrate both targeted and decentralized ministries and decentralized units;
- Carrying out the recruitment and payment of about 450 mid-career civil servants between the ages of 35 and 55 years;
- Strengthening the ENA; and
- Carrying out the recruitment of professionals as coaches to ensure a successful integration of graduates, including the young professionals and mid-career networking activities.

Subcomponent 1.3: Strengthen Accountability through a Data-Dashboard as a Platform to Plan, Coordinate, and Build Consensus on the Implementation of the Public Administration Reform (AF: US\$1.4 million equivalent)

19. **This subcomponent will facilitate a structured consultation process that includes public sector unions. It will build on the activities started under the original Subcomponent 1.1 with regard to progress monitoring, awareness raising, communications, regular feedback surveys, and consensus building and will structure these activities around a data-dashboard.** It aims at (a) being a central monitoring and progress tracking tool for the PIU and (b) promoting a broad dialogue among all interested stakeholders of the reform to promote transparency of the reform, trust, and consensus building. Under this subcomponent, the project has already started the preparatory work by establishing change units in all supported ministries and agencies; facilitated a structured consultation process among all stakeholders, notably including public sector unions; and has started to identify available data sets that will feed into the dashboard.

20. **This will support the dialogue between the management and civil servants who will be affected directly by this project to address their concerns.** The dashboard will evolve the concept of periodic surveys that assess the public and stakeholder perception of the reform progress to turn it into an ongoing live-data collection mechanism that allows for ongoing analysis, including from nonstate actors, and promote course corrections as the reform advances.

21. This subcomponent will finance the following activities:

- Carrying out the design and technical implementation of the ICT-based data-dashboard, including ongoing data collection;
- Developing the capacity and facilitating knowledge exchange on open data approaches including training of academia and civil society on these approaches;

- Facilitating the change of units that are established under the reform program, and acquisition of ICT equipment for such units; and
- Facilitating a structured dialogue of the key stakeholder around the dashboard.

Subcomponent 1.4: Impact Evaluation (reduced by US\$4.2 million equivalent, as Component 5 now accommodates implementation support)

22. **The project's implementation agency, the CMRAP, will receive support to conduct rigorous impact evaluation.** This will help it in its reporting to an interministerial coordination structure chaired by the Prime Minister (CPMAP) and assisted by the CMRAP as its Secretariat within the MPS.

23. A rigorous impact evaluation exercise has been designed as a means of testing alternative approaches to reform and rejuvenate the public service in the targeted ministries, with a view to adopt and scale up those proven to be most effective. Furthermore, given the risks inherent in a project of this nature, the impact evaluation will be used as a risk mitigation measure to closely examine the outcomes of select project subcomponents and activities to assess whether the project's benefits outweigh any intended or unintended costs.

Component 2: Supporting the Retirement Process (AF: US\$1.4 million equivalent)

24. **This component is a core element of the supported reform and will be retained as designed with a few additions.** The additions regard strengthened transition training for retirees to facilitate their life as retirees. This will focus on revenue-generating activities for retirees as a further risk mitigating measure in case the Government's own pension fund should face challenges in the future or even far future. In addition, the restructured project will add support to renovating the building of the pension fund and of the MPS that helped launch it. This is also a risk mitigating activity as the project's technical assistance to support the design and implementation of the pension fund risks to not live up to its promise if the fund itself cannot be housed in an appropriate building.

25. **A core rationale for supporting the retirement of civil servants is to support the Government in managing the 'stock' of civil servants who have reached retirement age and that, according to the law, should have already retired.** Recognizing these challenges and in an effort to promote greater accountability in the retirement process, this component is aimed at supporting the Government's efforts through (a) the preparation and management of the biometric identification process; (b) the payment of indemnities for eligible staff of targeted ministries and agencies through an external and independent agency; and (c) the establishment of a civil service pension fund.

26. **The experience in 2005 with World Bank support for the retirement process through budget support has shown the risk of opacity in the way retirement eligibility is defined and how it compromised the whole reform effort.** Identifying the precise number and identity of civil servants eligible for the mandatory retirement is therefore critical to ensure the transparency and the accuracy of the payment of indemnities. It could be argued that it would have been advisable to wait for the completion of the civil service census that has been ongoing since 2005 before initiating the retirement process. However, the lengthiness of the data collection and the risk of data corruption, if not properly treated, calls for a more limited, specific verification of the workforce that is eligible for retirement, ministry by ministry, so as to not delay the reform process any further and lose trust that it will ever happen. The small

identification exercise will provide up-to-date information and will allow for corrections, where necessary, of the civil service data that has been identified so far.

27. Another critical aspect of the retirement process refers to the criteria and methods to be used for calculating indemnities and pension benefits. Staff regulations for career civil servants stipulate that pension benefits consist of (a) severance pay; (b) repatriation allowance; and (c) a pension. The first two are known as separation payments and are normally a one-off payment. Over the past few years, the criteria for calculating separation payments have changed, generating different practices that need to be reconciled into a coherent and unique formula.

28. **Moreover, the credibility of any retirement scheme rests on the reliability of the pension payments.** Currently, pension payments are paid out of the national budget in the DRC. While pensions, based on the base salary, are being paid, the budget for the retirement benefits has rarely been made available. Therefore, many civil servants have lost faith in the system and tend to reject retirement plans. To restore confidence in the system, the present Government has decided to establish a pension fund with contribution-defined benefits. In the 2016 Budget Law, US\$16 million have been set aside to enable the creation of the pension fund for civil servants.

29. **Recognizing these efforts to promote greater accountability in the retirement process, this component aims to support the Government of the DRC** to (a) prepare and manage the biometric identification process for retirees; (b) execute the payment of indemnities (severance plus repatriation) for eligible staff of targeted ministries and agencies, through an external and independent agency; and (c) establish a civil service pension fund.

Subcomponent 2.1: Payment of Retirement Indemnities (No AF)

30. **This component will support the retirement of civil servants who have reached the retirement age.** The new legal framework—with one law already promulgated and another awaiting promulgation in the coming weeks—will raise the retirement age of civil servants to 65 and defines eligibility from the age of 65 or with 35 years of service onwards. This raises the age requirement compared to the original project design, which was calculated with 62 years of age and 30 years of service. Due to this raise, it is estimated that the number of eligible civil servants in targeted ministries will shrink from 6,000 to 5,400. This brings the estimated cost for the retirement indemnities down from US\$23.4 million to US\$21 million.

31. Training courses on management of finances and orientation on requirements to open small trades will be provided on a voluntary basis for those retirees who would like to start a small business or desire to save part of their indemnities. Training will also cover access to microcredits.

32. This subcomponent will finance the recruitment of an external and independent agency that will provide the following services:

- Technical assistance to finalize the formula underpinning the calculation of indemnities;
- Identification of retirees once they receive the indemnities;
- Payment of indemnities to eligible staff; and
- Support the design and delivery of orientation training courses for retirees.

Subcomponent 2.2: Establishing Grievance and Dispute Resolution Mechanisms (No AF)

33. **This subcomponent will support the establishment of a GDRM, which will be handled by a legitimate, trusted, and predictable structure called National Dispute Resolution Commission (*Commission Nationale de Règlement des Différends, CNRD*).** The proposed CNRD will play a pivotal role by providing help in prevention, management, resolution, and monitoring of potential conflicts related to retirement programs implementation. In particular, it will help secure persons or groups of persons affected by retirement programs and ensure that due process will be followed when processing such programs. Learning from past experiences, providing such independent mechanisms is essential to ensure the transparent retirement process and protect rights of retiring staff.

34. This subcomponent will finance technical assistance to the CNRD to establish (a) a performance-based incentive mechanism; (b) a training package; and (c) advisory support.

Subcomponent 2.3: Technical Assistance to Establish a Public Service Pension Fund (AF: US\$1.4 million equivalent)

35. **This subcomponent will strengthen Government's capacity to operationalize the public sector pension fund. It will assist the Government in creating a pension fund by conducting a study to determine how the fund should be established, governed, financed, and managed to ensure pension payments and their sustainability.** The legal advice will take advantage of the options outlined by earlier feasibility studies financed by the UNDP in 2005 which are currently being updated by the GCEP. The advice will be provided once the Government authorities decide on the type of pension funds they want to establish.

36. This subcomponent will finance the following activities:

- Provision of technical assistance during the first twelve months of the operation of the public sector pension fund; and
- Carrying out the rehabilitation of the building of the public pension fund.

Component 3 (new component): Building Capacity through an Infrastructure of Training Centers (AF: US\$10.9 million equivalent)

37. **This is a new component that will become effective with the closing of the PRCGAP and it will build on the achievements of the PRCGAP and leverage its capacity development infrastructure.** In particular, it will support SENAREC in the Ministry of Planning to further strengthen its institutional mandate as the DRC's one-stop-shop for capacity development. SENAREC is in charge of developing the National Capacity Development Plan, called PRONAREC 2, which the project will continue to support, in continuation of what PRCGAP started. However, beyond this countrywide plan, it will work with SENAREC to, more narrowly, define the specific training needs related to the rejuvenation reform and, more specifically, the training need on the following levels: YPs, participants of a new mid-career program, new recruits of the reorganized ministry entities (both standardized and specific units), retirees, civil servants taking on new responsibilities, such as director-level civil servants being promoted to secretary generals once the latter will have retired.

38. **In addition, it will further strengthen the practice of performance contracts, called *lettres de mission*, that the PRCGAP introduced for all Central Government Ministers under the leadership of the Prime Minister, a first in the DRC.** It will help develop a solid

performance tracking mechanism in an agreed collaboration with the United Kingdom Department for International Development (DFID), which came in as a second donor to build on the PRCGAP's accomplishments by training civil society actors to develop their capacity to conduct independent performance tracking based on the performance contracts. DFID's engagement illustrates the PRCGAP's strong achievement in this area and the restructured PSRRP will sustain this commendable donor collaboration with DFID.

39. **An infrastructure of eight sector training centers, both in Kinshasa and the provinces, has been established by the PRCGAP and will be strengthened and expanded as well as leveraged to support the training needs of PSRRP activities.** In the context of *découpage*, with 26 provinces, the restructured PSRRP will add support for two additional training centers to achieve a better coverage of the country. These training centers, a first in the DRC, bear the potential to promote a major shift in training civil servants, reducing the number of costly trainings for a few high-level civil servants abroad, and increase the training for a much larger number of civil servants at the national level.

40. **Training centers possess a unique videoconferencing infrastructure, whose full operationalization will be supported by this AF.** It allows for remote training courses in the provinces with trainers, professors, practitioners, and fellow classmates connected from Kinshasa, the Africa Region, or worldwide. For the first time, this allows effective remote training of civil servants who are based in the provinces.

41. **At the same time, the training centers must strengthen their relevance to generate more demand.** They also must build on the PRCGAP's efforts to further strengthen their developed sustainability models. If the PRCGAP managed to build a training infrastructure half-way to realizing high-demand, high-relevance centers of excellence for public sector capacity development, the restructured PSRRP will take it up at that point to further strengthen this infrastructure that has enormous potential. This is highly relevant in the context of rapidly increasing training demand, now that the country has created 26 new governments at the provincial level and the Government starts to retire civil servants with new civil servants coming in.

42. **In this way, the PRCGAP-built training infrastructure is the natural complement for the PSRRP.** Activities will modify the support that training centers received under the PRCGAP and will progressively reduce lump sum support and move to a paying-for-results and competition model within the activities of Component 3. Lump sum support will be brought down to zero over the course of project execution while the paying-for-results component will increase over the same time. In addition, competitive elements will be strengthened. Training centers will compete for the training needs of civil servants to promote an energizing and professional management of these centers.

43. **SENAREC is mandated to conduct quality control functions of the training centers, their periodic accreditation and the certification of associated rapid results coaches.** The restructured PSRRP will support SENAREC in living up to this mandate.

Subcomponent 3.1: Improve the Systematic Identification of Training Needs through Coherent Capacity Development Plans (AF: US\$1.5 million equivalent)

44. **With its core mandate of being the DRC's one-stop-shop for capacity development, SENAREC has the institutional mandate to develop the National Capacity Development**

Plan, in its second edition called PRONAREC 2. In addition, under this mandate, SENAREC is the agency best suited to help the PSRRP develop a coherent plan for the specific training need of the reform at all levels.

45. The subcomponent will support the following activities:

- Developing PRONAREC 2; and
- Carrying out training needs assessment and developing training plans at targeted central and provincial level entities.

Subcomponent 3.2: Improve Training Quality through Regulatory and Quality Control Functions (AF: US\$1.4 million equivalent)

46. **This subcomponent aims at improving training quality.** As the coordinating body for the eight training centers, to be expanded by three additional ones under this restructure project, SENAREC has established its quality control functions that it now needs to fully deploy. This is regarding the periodic accreditation of training programs, which, over time, should generate revenue for SENAREC, as well as the national certification of rapid results approach coaches.

47. This subcomponent will finance the following activities:

- Managing the periodic accreditation of training programs countrywide;
- Managing the certification of rapid results coaches; and
- Conducting tracer studies to review the usefulness of training on the job.

Subcomponent 3.3: Strengthen Civil Servants' Capacity through an Infrastructure of Ten Training Centers and Leadership Training (AF: US\$8 million equivalent)

48. **This subcomponent aims at strengthening the capacity of civil servants and carrying out rehabilitation of training facilities.** To better cover all 26 provinces, two additional training centers will be identified. Selection criteria include existing capacity, geographic coverage of the country, and strong buy-in from the centers' management.

49. **The project will provide substantive support to the two additional centers.** This will include (a) rehabilitation of facilities, provision of critical equipment, and training materials; (b) a training of trainers program for the institutions selected; and (c) the rollout of programs to other provincial centers.

50. **For the resulting total of ten training centers, the project will initially sustain their operational costs, but on a decreasing scale that will move to zero over the course of project implementation.** To mitigate the risk of failure, the project will invite centers to regularly compete, together with external centers, for trainings that the project organizes under Components 1, 2, and 4. In addition the project will pay centers for results achieved based on indicators that SENAREC will develop jointly with the centers and that must be acceptable to the World Bank. The indicators will reflect collaboration with provincial governments to meet their training needs and capacity to attract public sector clients.

51. **This component will also sustain SENAREC's training on leadership and results-based management approaches at different levels based on client demand.** This will be offered through SENARECs infrastructure of training centers and should match the demands identified under Subcomponent 3.1.

52. This subcomponent will finance the following activities:

- Carrying out the rehabilitation and acquisition of equipment for about two training centers;
- Carrying out the maintenance of about ten training centers and respective centers facilities and IT infrastructure on a decreasing scale basis;
- Organizing competitions for training centers and rapid results coaches;
- Building a mechanism for efficient tracking of respective performance contracts (lettres de mission) between the Prime Minister and respective ministries; and
- Provision of leadership and results-based management training.

Component 4 (new component): Supporting Public Service Reform at the Provincial Level (AF: US\$7.9 million equivalent)

53. **The decentralization process in the DRC is enshrined in the country's 2006 Constitution.** While the process faces multiple challenges and is far from optimal as described in more detail in section B on the Sectoral and Institutional Context, it is also widely understood that the process and the recent *découpage* have reached a point of no return, which creates an imperative need to strengthen the newly created provinces. The creation of new provinces brings the country to a decision point: they could create additional levels of adverse or predatory state actions—or they manage to bring more effective government closer to citizens and strengthen governance at the provincial level. Acknowledging that *découpage* created a new reality, the project will work with the new provinces to work toward that latter vision. It will assist new provincial governments create formal structures and accountability mechanisms.

54. **The GCEP, which closed on February 28, 2016, helped strengthen provincial capacity within the scope of the previous provinces before *découpage*.** In particular, it helped (a) establish a system of intergovernmental fiscal relations between the central and provincial levels; (b) build public sector and FM systems at provincial levels; and (c) build governance reform implementation capacity. Building on these accomplishments, the AF for both the PFMAP and PSRRP seek to fill intervention gaps in the implementation of the decentralization process and adapt them to the new context of *découpage*. While the PFMAP will focus on FM capacity, the PSRRP will cover the following subcomponents:

Subcomponent 4.1: Finalize the Legal Framework Governing the Decentralization Process (AF: US\$1 million equivalent)

55. **This subcomponent will facilitate the finalization and implementation of the legal framework to facilitate the decentralization reform process.** Since 2006, the Government of the DRC has made efforts to enact several laws supporting the decentralization process. However, they are still incomplete and lack decrees and application texts. This subcomponent aims to provide technical and legal assistance to support the Government of the DRC in consolidating and finalizing the legal framework of the country's decentralization.

56. This subcomponent will finance the following activities:

- Provision of legal advisory services for preparation and adoption processes of missing key legislation;

- Review and drafting of sector laws and regulations, and preparation of a road map for their implementation; and
- Provision of technical assistance to establish a national equalization fund (*Caisse Nationale de Pèréquation*).

Subcomponent 4.2: Support the Establishment of Provincial Administrations (AF: US\$3 million equivalent)

57. **This subcomponent will support the conducting of organizational reviews and developing new organizational charts.** In the context of *découpage*, the Government of the DRC has not yet undertaken administrative reviews to assess the provincial administrations that are currently in place. The project will help the Government conduct such diagnostics. It will also expand to the provincial level the organizational reviews and the development of new ministerial organigrams that the project has conducted at the central level. Because the project has conducted the reviews at the central level, in an effort to be selective and focused, the project here will also support the cross-cutting core functions of Finance, Budget, Planning, and Civil Service at the provincial ministerial level. This will help delineate competences and practical day-to-day responsibilities between deconcentrated ministerial units in provinces and the provinces' own ministries. This work will also support the transfer of competences with regard to the legal framework and implementation mechanisms.

58. This subcomponent will finance the following activities:

- Provision of technical assistance to conduct an organizational review of selected priority provinces, and a staffing needs assessment;
- Developing and implementing new organigrams, and conceptualizing standardized units, and core job descriptions;
- Provision of technical assistance for elaboration of provincial training plans in line with the respective province staffing assessment needs; and
- Provision of technical assistance to establish viable consolidated administrations.

Subcomponent 4.3: Improve the Coordination and Monitoring of the Decentralization Process (AF: US\$3.9 million equivalent)

59. **This subcomponent will support the improvement of the coordination and monitoring of the decentralization reform process,** coordinated by (a) at the strategic level: the Interministerial Steering Committee for Coordination and Monitoring of the execution of the Decentralization (*Comité Interministériel de Pilotage, de Coordination et de Suivi de la Mise en Œuvre de la Décentralisation*); (b) at the operational level: the Ministry of Decentralization; and (c) at the technical level: the CTAD. Support will also include demand-driven analytical works as the decentralization reform advances to guide next steps.

60. **To effectively monitor the decentralization process, availability and access to information will play an important role in enabling adherence to the process and its ownership by the various territorial levels of the Government and citizens.** This subcomponent will also focus on increasing the flow of information available to administrators and citizens' access to information. In particular, activities will support the design and implementation of provincial data-dashboards that will collect and widely share information on

provincial mandates, responsibilities, and performance. It will become the analytical core of a communication strategy to support new and old provinces in living up to their mandates. It will also strengthen the capacity of provincial government actors to actively use dashboard data and move from analysis to doing. The activities under this subcomponent will lead to (a) increased public awareness of decentralization policy objectives and the level of their achievement and (b) the establishment of a functioning feedback system between policy makers and society at provincial levels through the use of various tools developed through the PSRRP's dashboard initiative. This work will focus on the (maximum five) priority provinces to be selected jointly between the PFMAP and PSRRP.

61. This subcomponent will finance the following activities:

- Provision of technical assistance to conduct diagnostics;
- Carrying out refurbishment of the office space, and acquisition of logistics equipment for the Technical Unit for Support to Decentralization (*Cellule Technique d'Appui à la Décentralisation*);
- Carrying out the design and implementation of provincial level data-dashboards;
- Provision of technical assistance for elaboration of a communication strategy;
- Provision of training to civil servants on decentralization, and creating effective provincial response capacity to move from analysis to doing;
- Organizing a national forum dedicated to the assessment of the strategic framework for the implementation of decentralization (*Cadre Stratégique de Mise en Oeuvre de la Décentralisation*); and
- Conducting translation of the governing law and legal texts into the four national languages.

Component 5 (new component): Project Management and Core Support to Government Agencies in Charge of Steering the Reform (AF: US\$8 million equivalent) (Project management was previously covered under Subcomponent 1.6, which has been reduced by US\$4.2 million)

62. **This component aims to provide assistance to government agencies in charge of steering the reform under the leadership of the CMRAP.** This will cover coordination, administration, communication, FM, procurement, and M&E. Apart from the CMRAP in the MPS, it will also fund core staff within SENAREC, in the Ministry of Planning, which was in charge of implementing the PRCGAP (closed). The rationale is to facilitate the merger of activities of the two projects and effectively leverage the training infrastructure coordinated by SENAREC to the benefit of the restructured project.

63. **The PIU in the CMRAP, which is currently in place, will continue to execute the restructured project.** Staff will continue to be funded to manage the implementation of the project, including a project coordinator, an accountant, a procurement specialist, an M&E specialist, a treasurer, and a financial and administration specialist. The team will be supervised by the project coordinator, and their costs will be financed by the project.

64. **The CMRAP will have the fiduciary and technical responsibility for all project activities.** With regard to technical aspects, it will rely on the contributions of SENAREC for

Component 3 and the CTAD for Component 4 as these government agencies hold the respective institutional mandates for these components: capacity development and decentralization.

65. **To effectively advance activities in a more complex project, the procurement function in the CMRAP will be strengthened by associating an additional expert and associating external experts to selection committees on a short-term basis to strengthen the quality of procurement.** In a similar vein, the FM function will be strengthened by adding internal controls as well as regular proactive external audits.

Annex 3: Revised Estimate of Project Costs

Current Component Name	Proposed Component Name	Original IDA Allocation (US\$, millions)	Proposed AF Allocation (US\$, millions)	Total Proposed Allocation (US\$, millions)
Component 1:- Supporting Public Service Reform in Selected Ministries and Agencies	Component 1: Supporting Public Service Reform in Selected Ministries and Agencies	39.70	16.80	56.50
Component 2: Supporting the Retirement Process	Component 2: Supporting the Retirement Process	30.30	1.40	31.70
n.a.	Component 3 - Building Capacity through an Infrastructure of Training Centers	0.00	10.90	10.90
n.a.	Component 4 - Supporting Public Service Reform at the Provincial Level	0.00	7.90	7.90
n.a.	Component 5 - Project Management and Core Support to Government Agencies in Charge of Steering the Reform	0.00	8.00	8.00
Unallocated contingency	n.a.	7.00	0.00	7.00
Total:		77.0	45.00	122.00 ^a

Note: a. Due to exchange rate losses of the original allocation of the parent project, the total would be US\$112.8 million at the current exchange rate.

Annex 4: Implementation Arrangements and Support

Project Institutional and Implementation Arrangements:

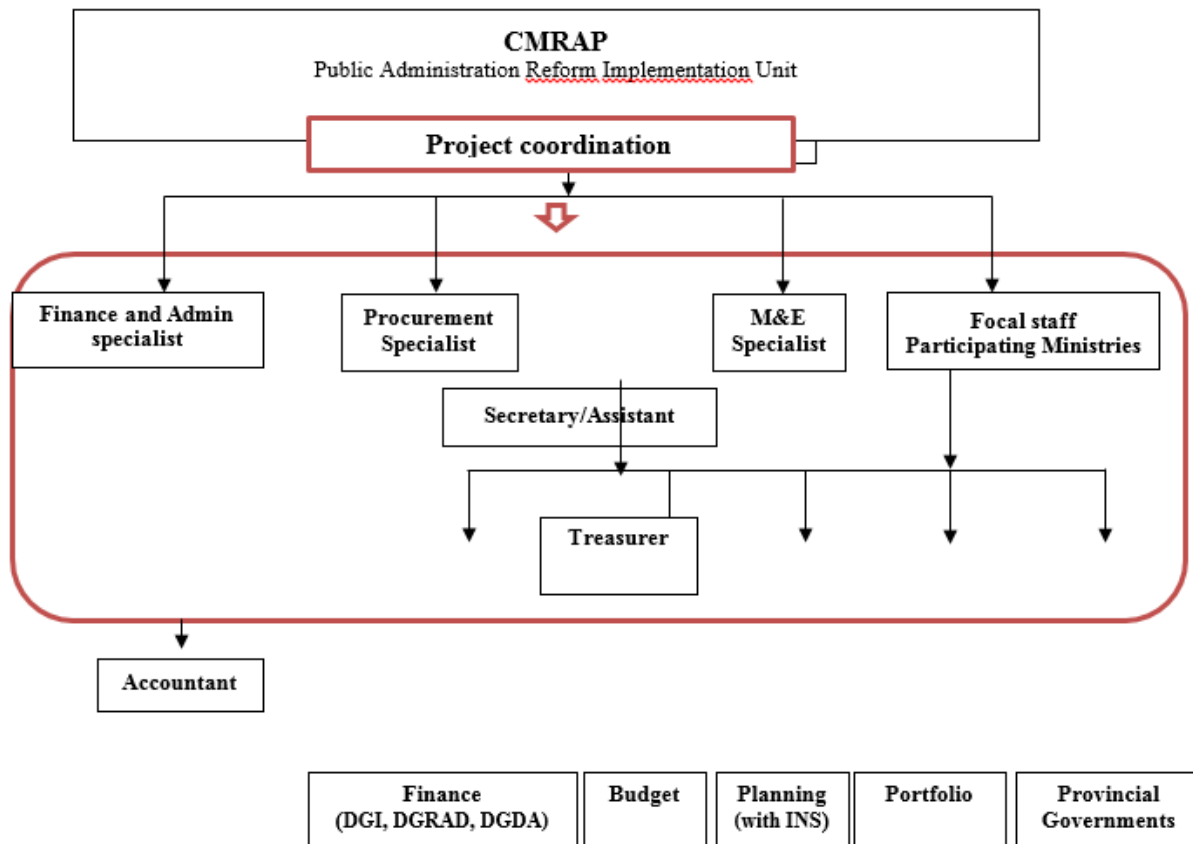
1. This project keeps the implementation mechanisms of the parent project intact with a solid core of specialists within the implementation unit that is an integral part of the MPS.
2. The MPS will retain overall responsibility for the project through the CMRAP, created by Ministerial Decree in December 2012 (*Arrêté* No CAB.MIN/FP/J-CK/GELB/FMD/GMK/082/2012) to coordinate the public administration reform process and all projects that support the public administration reform. The CMRAP reports directly to the Minister of Public Services and is also responsible for the implementation of this IDA-financed operation through a technical team and an administrative team.
3. The CMRAP will ensure technical coordination and effective oversight over all actions related to the public administration reform process and will evaluate progress on the reform, retirement, and rejuvenation actions supported under this project. The CMRAP will be the main counterpart of the World Bank. For this IDA-financed operation, the CMRAP will be responsible for all aspects of project management. These include (a) preparing and costing detailed annual implementation plans based on the action plans approved by the CPMAP (which will include input from the participating ministries; (b) managing project resources (including FM and managing the contract with the procurement agent); (c) recruiting external auditors; (d) monitoring implementation progress and impacts; (e) compiling activity, monitoring, evaluation, financial, and audit reports, including following up audit recommendations; (f) coordinating with technical committees and departments of the involved ministries; and (g) ensuring coordination of project activities with those of other international and domestic partners. In the implementation of the retirement process, the CMRAP will be supported by the standing Retirement Working Group and the Census Unit (*Cellule de Recensement*) that has demonstrated technical expertise on this matter.
4. SENAREC, will mainly support Component 3 of the project ‘building capacity through an infrastructure of training centers’ and will be responsible for technical contributions and coordination of activities in this component. At the political and technical levels, the Ministry of Planning, which is in charge of SENAREC, will continue to provide guidance. While the CMRAP will supervise SENAREC’s work program, its activity report, as well as its M&E reports, the CMRAP will retain all fiduciary aspects of Component 3 of the project.
5. The CMRAP will retain staffing resources which are appropriate for its level of operations, sufficient to maintain accounting records relating to project-financed transactions, and necessary to prepare the project’s financial reports. Personnel will be recruited on a competitive basis and will include a national project coordinator, a national procurement specialist, a part-time international procurement adviser, a financial and administration manager, a treasurer, an accountant, a M&E specialist, a dashboard specialist, an IT specialist, and an administrative assistant. The project coordinator, the finance and administrative manager, the procurement specialist, the treasurer, and the accountant will work full time on the World Bank project. The Government will provide office space and cover the cost of utilities, while the World Bank will provide resources for other operational costs of the CMRAP, including IT and a small-scale rehabilitation of the office space.

6. The project will finance a small team of technical experts at SENAREC, supporting activities under Component 3 of the project. Staff include a coordinator, an assistant to the coordinator, a program manager, a M&E specialist, and an IT specialist to support the training centers. The staff will continue to operate from SENAREC’s office. A detailed Memorandum of Understanding will be signed between the two entities to further clarify roles and responsibilities. In addition, the Project Manual of Operation (MMO) will detail the rules and processes governing the coordination and collaboration of both entities.

7. In addition to the above mentioned staffing resources, the project will finance a ‘task force’ composed of high-level national experts to support the CMRAP at the strategic level. The project will finance coaches that will accompany the reform as well as national experts in technical aspects of the public administration reform, including knowledge on retirement and HR data management issues and one national legal expert and a senior communication expert. International experts will be hired to support the national experts when needed.

8. Procurement will be handled by the CMRAP for all components of the project. During project preparation (under PPA financing), procurement capacity had been established. The renewal of staff procurement will further strengthen the project. However, in view of the high risks associated with project implementation (country environment and complexity of implementation requirements), an international procurement expert will be hired on a part-time basis, who will help guide and monitor procurement practices.

Figure 4.1. Project Implementation Arrangements



9. **Staffing and training.** The CMRAP staffing should remain adequate with the extent of the activities under the project, sufficient to maintain accounting records relating to project-financed transactions and able to prepare the project's financial reports. The FM function will be carried out by a team composed of (a) a qualified and experienced FM expert in charge of the supervision of all FM activities of the project, (b) an experienced accountant, and (c) a treasurer. The team will have the overall FM responsibility over budgeting, accounting, reporting, disbursement, internal control, and auditing. The FM expert will provide technical assistance to the existing FM team of the CMRAP to build the capacity of the FM unit. The CMRAP accounting staff will have its capacity reinforced over the project implementation in relation to the rolling out of the training plan that includes training on IDA disbursement procedures, training on OHADA accounting principles and its implication for a donor-financed operation, and training on IDA financial reporting arrangements, among others.

10. **Budgeting.** The CMRAP will prepare an annual work plan and budget for implementing project activities considering the project's objectives. The work plan and budgets will allow identifying the activities to be undertaken and the role of respective parties in implementation. Annual work plans and budgets will be consolidated into a single document by the CMRAP with the support of the FM team, which will be submitted to the Steering Committee for approval and thereafter to IDA for no-objection no later than November 30 of each year preceding the year the work plan is to be implemented.

11. **Accounting policies and procedures.** The accounting systems, policies, and administrative and financial procedures are documented in the project's Administrative, Accounting, and Financial Manual. It is used by (a) the project staff as a reference manual; (b) IDA to assess the acceptability of the project's accounting, reporting, and control systems; and (c) the auditors to assess project accounting systems and controls and to design specific project audit procedures. Accounting software with multiproject, multisite, and multidonor features have been procured. An FM Manual of Procedures and accounting software facilitates the project implementation and support the project's requests for funding, as well as meet its reporting obligations to fund providers. These tools are already in place. For this IDA-financed project, an FM Manual of Procedures, which is part of the Project Implementation Manual will be updated two months after effectiveness. The manual will focus on the following: (a) segregation of duties; (b) physical control of assets; (c) authorization and approval; (d) clear channels of command; (e) arithmetic and accounting accuracy; (f) integrity and performance of staff at all levels; and (g) supervision. Specific procedures will be documented for each significant accounting function. They will be written to depict document and transaction flows and will cover the flow of funds, recordkeeping and maintenance, the chart of accounts, formats of records and books of account, authorization procedures for transactions, planning and budgeting, financial reports (including formats, linkages with chart of accounts, and procedures for reviewing them). The updated FM Manual will be included in the Project Implementation Manual.

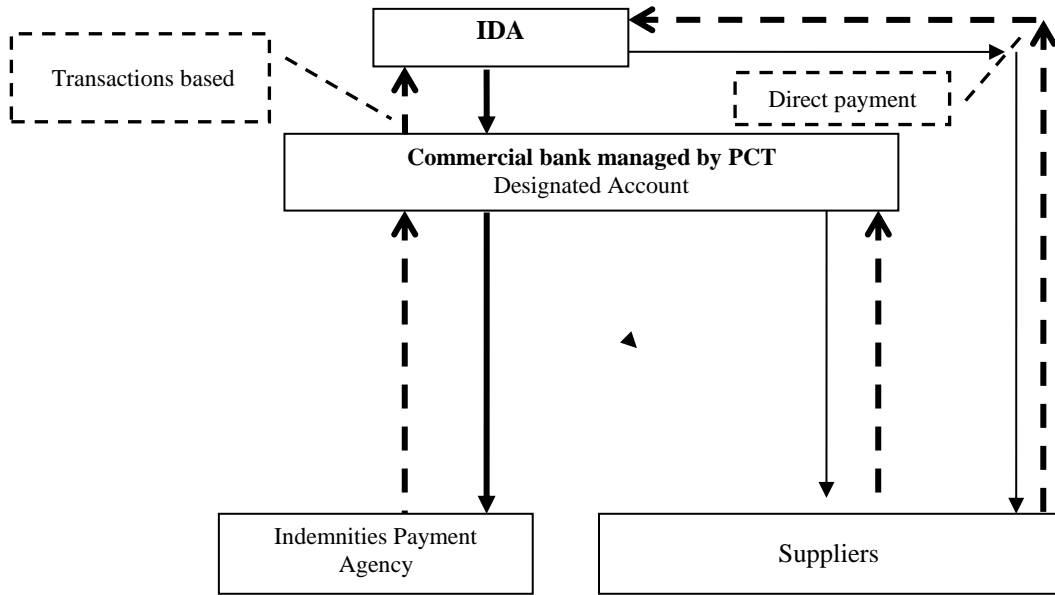
12. **Internal control and internal auditing.** CMRAP's FM system will be maintained as under the original project, as it has adequate number and mix of skilled and experienced staff while the internal control system continues to ensure the conduct of an orderly and efficient payment and procurement process, which properly records and safeguards assets and resources.

Disbursements

Funds Flow and Disbursement Arrangements:

13. **Designated Account (DA).** One DA denominated in U.S. dollars will be opened in a commercial bank on terms and conditions acceptable to IDA under the fiduciary responsibility of the CMRAP. The ceiling of the DA will be increased to the equivalent of four months expenditures forecast and will become effective upon grant effectiveness. This DA will be used to finance all eligible project expenditures under the different components. Payments will be made in accordance with the provisions of the Manual of Procedures (that is, joint signatures by the coordinator and the FM manager will be required for any payment). The DA will be made against withdrawal applications supported by Statements of Expenditure (SOEs) and other documents as specified in the Disbursement Letter. All supporting documents should be retained by the project team and readily accessible for review by periodic IDA implementation support missions and external auditors. Direct payments, will be made to service providers if necessary.

Figure 4.2. Fund Flows for Both DAs



Legend:

Transfers of funds

Flow of documents (invoices, good receipt notes, purchase order, contract)

Payment to suppliers



Disbursement Arrangements:

14. **Disbursement method.** Upon Grant effectiveness, transaction-based disbursements will be used during the first months of the project implementation. Thereafter, the option to disburse

against submission of a quarterly unaudited interim financial report (IFR) (also known as the report-based disbursements) could be considered, subject to the quality and timeliness of the IFRs submitted to the World Bank and the overall FM arrangements as assessed in due course. For report-based disbursement, the DA ceiling will be equal to the cash forecast for two quarters as provided in the quarterly unaudited IFR. The option of disbursing the funds through direct payments to a third party on contracts above a predetermined threshold for eligible expenditures will also be available. Another acceptable method of withdrawing proceeds from the IDA grant is the special commitment method whereby IDA may pay amounts to a third party for eligible expenditures to be paid by the recipient under an irrevocable Letter of Credit. Funds flows for both DAs are as follows:

15. **Disbursement of funds to the payment agency (for the payment of indemnities).** The project team will make disbursements to the payment agency for specified activities under Component 2 of the project, as described in the Implementation Manual. The amount of indemnities of each ministry will be directly transferred from the project funds (on the basis of an invoice certified by the PIU team) to the account of the payment agency opened in a commercial bank in the DRC. The payment agency will then proceed to the payment of each eligible retiree on the basis of a schedule provided by the CMRAP at the start of the project and agreed by the World Bank. These payments will be immediately audited by an independent auditor, including through a sample audit on the ground which will be further strengthened by a beneficiary survey by independent consultant/nongovernmental organization.

16. **Disbursement of funds to other service providers and suppliers.** The CMRAP will make disbursements to service providers and suppliers of goods and services under both Components 1 and 2 in accordance with the payment modalities, as specified in the respective contracts/conventions. In addition to these supporting documents, the project will consider the findings of the Internal Audit Unit while approving the payments. The CMRAP, with the support of its Internal Audit Unit, will reserve the right to verify the expenditures ex post, and refunds might be requested for non-respect of contractual clauses. Misappropriated activities could result in the suspension of financing for a given entity.

17. **Disbursements by category.** Table 4.1 sets out the expenditure categories to be financed out of the Grant. This table takes into account the prevailing country financing parameter for the DRC in setting out the financing levels except for local expenditures which will be financed at 100 percent excluding local taxes. In accordance with World Bank standard procurement requirements, contracts will continue to be approved ‘all taxes included’ for local expenditures. The project will, however, claim invoiced amounts excluding taxes. The Government will take appropriate steps to cover the tax portion of contracts signed by the project with contractors and suppliers of goods and services.

Table 4.1. Expenditure Categories Financed by the Grant

Category	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, Works, Non-Consulting Services, Consultants' Services, Operating Costs, and Training for the Project	29,600,000	100%
(2) Payment of Retirement Benefits to Eligible Retirees	3,700,000	100%
Total Amount	33,300,000	100%

18. **Fraud and corruption.** The risk of fraud and corruption for payment of indemnities and the weak internal management structures, controls, and oversight are assessed as high. Therefore, an anticorruption plan has been prepared.

19. **Supervision plan.** Based on the current overall residual FM risk, the project will be supervised twice a year to ensure that project FM arrangements still operate well and funds are used for the intended purposes and efficiently.

20. **Financial reporting and monitoring.** Financial reports will be designed to provide quality and timely information on project performance to project management, and relevant stakeholders.

21. Formats of the various periodic IFRs to be generated from the FM system are developed using the World Bank's Financial Management Practices in World Bank-financed investment operations. The quarterly IFR includes (a) the Statements of Sources and Uses of Funds and Utilization of Funds per Category; (b) the updated Procurement Plan; (c) the physical progress; (d) expenditure types and implementing agent, showing comparisons with budgets; (e) DA activity statements and explanation notes to the IFR; (f) and the summary of missions of internal audit as well as implementation status of the recommendations of internal or external audit and supervision missions. The IFR will be prepared and submitted to IDA, 45 days after the end of each quarter. In compliance with International Accounting Standards and IDA requirements, the project will produce annual financial statements. These include (b) a Balance Sheet that shows assets and liabilities; (c) a Statement of Sources and Uses of Funds showing all the sources of project funds, expenditures analyzed by the project component and category expenditures; (c) a DA Activity Statement; (d) an Implementation Report containing a narrative summary of the implementation progress of the project; (e) a Summary of Withdrawals using SOE (transactions-based disbursement), listing individual withdrawal applications by reference number, date, and amount; and (f) notes related to significant accounting policies and accounting standards adopted by management and underlying the preparation of financial statements. The financial statements will be submitted for audit at the end of each year or other periods to be stated.

22. **External auditing.** The project's financial statements and internal control system managed by the CMRAP will be subjected to external annual audit by an independent external auditor who will be recruited on terms of references acceptable to IDA. The external auditor will give an opinion on the annual financial statements in accordance with auditing standards of IFAC. In addition to audit reports, the external auditor will also produce a Management Letter on

internal control to improve the accounting controls and compliance with financial covenants under the Financing Agreement. The project will be required to submit, no later than June 30 of each fiscal year, the annual audited financial statements. In line with the new access to information policy, the project will comply with the disclosure policy of the World Bank's audit reports (for instance making available to the public without delay after receipt of all final financial audit reports including qualified audit reports) and place the information on its official website within one month after acceptance of final report by IDA.

23. **Implementation support plan.** The World Bank's FM implementation support mission will be consistent with a risk-based approach and will involve a collaborative approach with the Task Team. A first implementation support mission will be performed six months after project effectiveness. Afterwards, missions will be scheduled by using the risk-based approach model and will include the following diligences: (a) monitoring of the FM arrangements during the supervision process at intervals determined by the risk rating assigned to the overall FM Assessment at entry and subsequently during implementation (ISR); (b) integrated fiduciary review on key contracts; (c) review of the IFRs; (d) review of the audit reports and Management Letters from the external auditors and follow-up on material accountability issues by engaging with the task team leader, client, and/or auditors; (e) monitoring of the quality of the audit (internal and external) to ensure that it covers all relevant aspects and provide enough confidence on the appropriate use of funds by recipients; (f) physical supervision on the ground; and (g) assistance to build or maintain appropriate FM capacity.

24. **Conclusions of the FM assessment.** The overall residual FM risk at preparation is considered high. The proposed FM arrangements for this project are considered adequate to meet the World Bank's minimum fiduciary requirements under OP/BP 10.0.

Procurement

25. **All procurement to be financed under the project will be carried out in accordance with the World Bank's 'Guidelines: Procurement of Goods, Works, and Non Consulting Services under IBRD Loans and International Development Association (IDA) Credits and Grants by World Bank Borrowers', dated January 2011, revised in July 2014; 'Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers', dated January 2011, revised in July 2014; and the provisions stipulated in the Legal Agreement. The project will carry out implementation in accordance with the 'Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD and IDA and Grants', dated October 15, 2006, and revised in January 2011 (the Anti-Corruption Guidelines). As there will not be any complex procurement contracts (most of them will pertain to procuring consultants and hardware/software), the previous ("old") procurement framework will remain applicable under the AF, as it is under the original project.**

Revised Requirements for National Competitive Bidding:

26. National Competitive Bidding (NCB) may be used subject to using the open procedure (*appel d'offres ouvert*) set forth in the Recipient's Public Procurement Law No 10/010 dated April 27, 2010, and the Manual of Procedures of the Public Procurement Law as per the recipient's Decree No 10/22 dated June 2, 2010 (the Manual of Procedures), provided however that such procedure shall be subject to the provisions of section I and paragraphs 3.3 and 3.4 of section III of the Procurement Guidelines and the additional following modifications:

- (a) **Standard Bidding Documents.** All standard bidding documents to be used for the project under NCB shall be found acceptable to the World Bank before their use during the implementation of the project.
- (b) **Eligibility.** Eligibility of bidders and acceptability of their goods and services shall not be based on their nationality and/or their origin, and association with a national firm shall not be a condition for participation in a bidding process. Therefore, except for the ineligibility situations referred to in paragraphs 1.10(a) (i) and 1.10(a) (ii) of the Procurement Guidelines, the eligibility of bidders must be based solely on their qualification, experience, and capacity to carry out the contract related to the specific bidding process.
- (c) **Advertising and bid preparation time.** Bidding opportunities shall be advertised at least in a national newspaper of wide circulation and on the website of the recipient's Procurement Regulator (*Autorité de Régulation des Marchés Publics*), and bidders should be given at least 30 days from the date of invitation to bid or the date of availability of the bidding documents, whichever is later.
- (d) **Criteria for qualification of bidders.** Qualification criteria shall only concern the bidder's capability and resources to perform the contract taking into account objective and measurable factors. Such criteria for qualification of bidders shall be clearly specified in the bidding documents.
- (e) **Bid evaluation and contract award.** A contract shall be awarded to the substantially responsive and lowest evaluated bidder provided that such bidder meets the qualification criteria specified in the bidding documents. No scoring system shall be allowed for the evaluation of bids, and no 'blanket' limitation to the number of lots which can be awarded to a bidder shall apply. The criteria for bid evaluation and the contract award conditions shall be clearly specified in the bidding documents.
- (f) **Preferences.** No preference shall be given to domestic/regional bidders; to domestically/regionally manufactured goods, and to bidders forming a joint venture with a national firm or proposing national subcontractors or carrying out economic activities in the territory of the recipient.
- (g) **Publication of contract award.** Information on all contract awards shall be published in at least a national newspaper of wide circulation or on the recipient's Procurement Regulator (*Autorité de Régulation des Marchés Publics*) website.
- (h) **Fraud and corruption.** In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the World Bank's policy to sanction firms or individuals found to have engaged in fraud and corruption as set forth in the Procurement Guidelines.

- (i) **Inspection and audit rights.** In accordance with the Procurement Guidelines, each bidding document and contract shall include provisions stating the World Bank’s policy with respect to inspection and audit of accounts, records, and other documents relating to the bid submission and contract performance.
- (j) **Requirement for administrative documents and/or tax clearance certificate.** The bidding documents shall not require foreign bidders to produce any administrative or tax related certificates before confirmation of awarding a contract.
- (k) **Modifications of a signed contract.** Any change in the contract amount which, singly or combined with all previous changes, increases the original contract amount by 15 percent or more must be done through an amendment to the signed contract instead of signing a new contract.

Revised Assessment of the Risks and Related Mitigation Measures:

27. **Risks that have been identified.** The key issues and risks concerning procurement for implementation of the project have been identified and include the following: (a) there is an increase in workload for the procurement team since new components have been added, mainly building on the achievements of the PRCGAP; (b) the administrative system, as it operates in practice, creates opportunities for informal interference in the procurement process by senior officials—creating opportunities for waste, mismanagement, corruption, collusion, and fraud; (c) Government officials likely to be involved in project procurement through tender and evaluation committees may not be familiar with World Bank guidelines and rules; and (d) a control and regulation mechanism according to the provisions of the Country Procurement Law and its application procedures could delay the procurement process if mandatory reviews are required.

28. The overall unmitigated risk for procurement is assessed as substantial. Proposed corrective measures that have been agreed to mitigate the risk are summarized in Table 4.2.

Table 4.2. Action Plan Corrective Measures

Ref.	Tasks	Responsibility	Due Date
1	According to the workload, a procurement expert will be recruited on a temporary basis to support the procurement team.	CMRAP	As needed
2	Update the Project Implementation Manual that will include the specificities of the AF.	CMRAP	1 month after effectiveness
3	Provide procurement training to the staff involved in the procurement activities.	CMRAP	On regular basis
4	Identify the root cause of procurement delays at the national level and propose appropriate solutions.	CMRAP	At project midterm review
5	Apply a ‘one-strike’ policy to all contractors and consultants, and any case of complicity in corruption, collusion, nepotism, and/or fraud will lead to dismissal, disqualification from all further project activities, and prosecution.	CMRAP	Permanently

29. The prevailing risk can be improved to moderate provided that the above corrective measures are implemented.

Table 4.3. Revised Thresholds for Procurement Methods and Prior Review

Expenditure Category	Contract Value Threshold (US\$)	Procurement Method	Contracts Subject to Prior Review (US\$)
1. Works	>10,000,000	ICB	All
	<10,000,000	NCB	None
	<200,000	Shopping	None
	All amounts	Direct contracting	All contracts ≥ 100,000
2. Goods	≥1,000,000	ICB	All
	<1,000,000	NCB	None
	<500,000	Shopping from all major brands of vehicles dealers or distributors of petroleum products	Short list of (a) vehicles dealers and (b) distributors of petroleum products; the technical specifications of vehicles
	<100,000	Shopping	None
	All amounts	Direct contracting	All contracts ≥ 100,000
2. Services			
Firms	≥200,000	—	All contracts ≥ 500,000
	<200,000	CQS	None
	All amounts	SSS	All contracts ≥ 100,000
IC	≥200,000	IC	All
	<200,000	IC	None
	All amounts	SSS	All contracts ≥ 100,000
All terms of reference regardless of the value of the contract are subject to prior review.			
All justifications for direct contracting/SSS, including the estimated amount regardless of the value of the contract, are subject to prior review.			

Note: ICB = International Competitive Bidding;; CQS = Selection Based on the Consultants' Qualifications; SSS = Single-Source Selection; and IC = Individual Consultant.

Annex 5: Economic and Financial Analysis

1. The economic and financial analysis of the parent project remains valid. As explained in more detail below, the effects of a further aging of the civil service—over the past three years since effectiveness of the parent project—has been mitigated by the redefinition of the legal retirement age as 65 years. In its economic and financial analysis, the parent project is calculated with 62 years of age.⁹ Three years later, that retirement age has been increased by exactly three years, set at 65 years, which nearly neutralizes the effects of a further aging of the DRC’s public service since the start of the parent project.
2. One of the objectives of the project is to rejuvenate the civil service in the target ministries and agencies. In the DRC, the public service continues to suffer from the progressive depletion of skilled manpower and a constantly aging work force. More than half of the DRC’s civil servants have passed the mandatory retirement age, which has now been set to 65 years of age and 35 years of service, with many officials continuing to work and being compensated beyond the age of 70. The distortions in incentives created by this poorly managed situation have meant that the civil service has substantially aged, causing substantial financial and productivity losses for the entire public service. This situation accounts for ministries’ incurring inordinate costs, by retaining a disproportionate share of the work force that are at senior-level status and often inactive, at the expense of younger and better-qualified professionals who could contribute to a more-effective public administration.
3. The purpose of this analysis is to compare benefits and costs of financing the rejuvenation of targeted ministries and agencies. An analysis will be carried out for the payment of one-time pension benefits to 5,400 civil servants who have reached 65 years of age and 35 years of service as applicable under the current law. The cost of this support is US\$32 million, including payment and control mechanisms, as well as the grievance mechanisms that will ensure the correct implementation and reliability of the process.
4. The cost-benefit analysis shows that the support to the retirement and retirement reforms of the target ministries and agencies will bring substantial economic savings.
5. Other qualitative aspects related to rejuvenation of the public service should be emphasized: retirement will create fiscal savings but also an opportunity to reorganize and resize to achieve more effective production processes. The establishment of training centers will build the capacity of the rejuvenated public service. In addition, support to the newly created provinces in drafting and adopting provincial sectoral laws, combined with the employment of younger and better qualified civil servants at both the central and provincial levels coupled with a mid-level career recruitment, will introduce efficiency gains in the target services.
6. A cost-benefit analysis of financing the retirement program will indicate that the payment of a one-time lump sum pension benefit to eligible civil servants could account for (a) a significant reduction in aggregate payroll expenditure for the affected ministries and agencies and (b) a fairly rapid amortization of the one-time lump sum retirement benefit payment. In other words, the benefits of the program outweigh the associated costs supported by this project.

⁹ The full analysis calculated two scenarios, one with a retirement age of 55 (Scenario 1) and one with a retirement age of 62 (Scenario 2). The latter was adopted by the project and economic impact calculated on this basis.

7. Based on a new legal framework, which raises the eligibility criteria for retirement to 65 years of age and 35 years of service, the number of eligible civil servants is estimated to decrease to 5,381. Previously, the law stipulated a retirement age of 55 years of age and 30 years of service. Because these criteria were fictitious in practice and not adhered to, the parent project—at the request of the Government—already calculated with a higher age of 62 with 30 years of service in anticipation that the retirement age would be raised. If the law would not have been modified, due to the further aging of the civil service, the numbers would have increased since effectiveness of the parent project three years ago. However, the retirement age has been raised by exactly three years so that the effect is nearly neutralized. At the highest grade level, the secretary generals, 100 percent of civil servants remain eligible for retirement according to both the old and new criteria. In the lower grade levels, the number of eligible civil servants decreased by about 10 percent due to the new criteria, bringing the number to around 5,400 eligible civil servants.

8. An analysis, updated in 2017, based on the new legal retirement age of 65, shows that from the year the retirement benefits are paid, it will be possible to attain fiscal savings after pension payments are taken into account. Table 5.1 shows that the first phase of mandatory retirement operation targeted to 5,381 people will create approximately US\$5.4 million fiscal space.

Table 5.1. Financial Savings of the Mandatory Retirement, 2017 Update

	Number of Eligible Agents	A. Total Annual Salary (US\$)	B. Total of Annual Pension (US\$)	Financial impact (A-B)
Ministry of Budget	940	871,912.80	334,983.52	536,929.28
Ministry of Planning	255	470,442.76	181,351.70	289,091.06
Ministry of Finance (including DGI, DGRAD, and DGDA)	2,477	4,493,988.71	1,729,113.67	2,764,875.04
MPS	1,422	2,418,151.35	994,030.01	1,424,121.34
Ministry of Portfolio	53	107,912.06	38,028.90	69,883.16
INS	234	482,786.32	174,804.60	307,981.72
Total	5,381	8,845,194.00	3,452,312.40	5,392,881.60

Source: Official data of the MPS and World Bank estimates, updated 2017.

9. The cost-benefit analysis indicates that the opportunity costs for the Government to retire those eligible civil servants brings cumulative savings that are sufficient to recover the cost of the payment of retirement benefits six years after they have been paid and will then begin generating savings.¹⁰ This simple cost-benefit analysis provides a strong case to justify the ‘productive purposes’ of US\$32 million IDA financing of the retirement reform under Component 2.

¹⁰ The reduced number of eligible civil servants reduces the fiscal impact compared to the situation at the time of effectiveness of the parent project three years ago. The original cost-benefit analysis showed that costs were recovered after nearly four years while the updated 2017 analysis shows that costs are recovered after six years. The overall benefit, however, remains. This financial calculation does not consider non-quantitative factors such as better-trained and better-performing civil servants, which is expected to provide additional qualitative benefits.

10. As for the retirement program, the overall premise of the economic analysis of the YP program of the parent project remains valid and has not been affected by a change in legal framework, as was the case for the retirement reform.

Annex 6: Theory of Change/Project Logic Model/Results Chain

<p>The PDO is to strengthen and rejuvenate the civil service in selected ministries at the central and provincial levels.</p> <p>This PDO will be achieved at the central level by retiring eligible civil servants; recruiting, training, and integrating YPs based on a newly established program; establishing a new mid-career program; and establishing a new HR management system. At the provincial level, it will support the implementation of decentralization by establishing new provincial administrations and support the drafting and adoption of key sectoral laws.</p>					
Impacts	Medium-term Outcomes	Short-term Outcomes by Component	Key Outputs by Subcomponent	Activities	Inputs
<p>Improved efficiency, accountability, and responsiveness of public institutions, whose services will benefit citizens of the DRC</p>	<p>Improved institutional performance and efficiency of core public sector institutions</p>	<p>Component 1: Supporting Public Service Reform in Selected Ministries and Agencies (US\$16.8 million)</p> <ul style="list-style-type: none"> • Improved organizational structures • Improved efficiency gains through the retirement process and recruitment of YPs into the administration • Efforts to improve working conditions • Enhanced data transparency on the reform 	<p>Subcomponent 1.1: Professionalize Targeted Ministries through their Restructuring and Capacity Building for HR Management</p> <ul style="list-style-type: none"> • Implement the reorganized units; • Carry out competitive and merit-based recruitment to staff of the reorganized units; • Develop and deliver a training program for new recruits; • Carry out organizational review of archiving systems; • Conduct coaching of reorganizing units, to clarify respective units mandate and delineation of competencies from other entities; and • Deploy the integrated human resource management system. 	<p>See Annex 2</p>	<p>AF: US\$1.5 million</p>
			<p>Subcomponent 1.2: Rejuvenate and Professionalize the Public Service through ‘Young Professionals’ and ‘Mid-Career’ Programs.’</p> <ul style="list-style-type: none"> • Carry out the recruitment and payment of about 520 young professionals that integrate both targeted and decentralized ministries and decentralized units; • Carry out the recruitment and 	<p>See Annex 2</p>	<p>AF: US\$18.1 million</p>
<p>Improved institutional performance and capacity for service delivery</p>					

			<p>payment of about 450 mid-career civil servants between the ages of 35 and 55 years;</p> <ul style="list-style-type: none"> • Strengthen ENA; and • Carry out the recruitment of professionals as coaches to ensure a successful integration of graduates, including the young professionals and mid-career networking activities. 		
			<p>Subcomponent 1.3: Strengthen Accountability through a Data-Dashboard as a Platform to Plan, Coordinate, and Build Consensus on the Implementation of the Public Administration Reform</p> <ul style="list-style-type: none"> • Carry out the design and technical implementation of the ICT-based data-dashboard, including ongoing data collection; • Develop the capacity and facilitating knowledge exchange on open data approaches including training of academia and civil society on these approaches; • Facilitate the change of units that are established under the reform program, and acquisition of ICT equipment for such units; and • Facilitate a structured dialogue of the key stakeholder around the dashboard. 	See Annex 2	AF: US\$1.4 million
			<p>Subcomponent 1.4: Impact Evaluation</p> <ul style="list-style-type: none"> • Support an impact evaluation program on the effectiveness of both the retirement and rejuvenation program 	See Annex 2	AF: US\$0

	Improved accountability in the retirement process	Component 2: Supporting the Retirement Process (US\$1.4 million) <ul style="list-style-type: none"> Improved reliability of HR database (based on a new biometric census of civil servants in targeted ministries) Improved accuracy of HR data (cases of irregular staff (ghost, double dippers, and so on) resolved within the civil service) Efficient grievance and dispute mechanism process is in place within the civil service 	Subcomponent 2.1: Payment of Retirement Indemnities <ul style="list-style-type: none"> Finalize the formula underpinning the calculation of indemnities; Identify the retirees once they receive the indemnities; Payment of indemnities to eligible staff; and Design and delivery of orientation training courses for retirees. 	See Annex 2	AF: US\$0
			Subcomponent 2.2: Establishing Grievance and Dispute Resolution Mechanism <ul style="list-style-type: none"> Strengthen the capacity of the agency in charge of grievance and dispute within the public administration to ensure that rules and procedures are being followed properly. 	See Annex 2	AF: US\$0.0
			Subcomponent 2.3: Technical Assistance to Establish a Public Service Pension Fund <ul style="list-style-type: none"> Technical assistance during the first twelve months of the operation of the public sector pension fund; and Carry out the rehabilitation of the building of the public pension fund. 	See Annex 2	AF: US\$1.4 million
	Improved skills among civil servants trained	Component 3: Building Capacity through an Infrastructure of Training Centers (US\$10.9 million) <ul style="list-style-type: none"> Improved access to quality training to all civil servants 	Subcomponent 3.1: Improve the Systemic Identification of Training Needs through Coherent Capacity Development Plans <ul style="list-style-type: none"> Develop PRONAREC 2; and Carry out training needs assessment and developing training plans at targeted central 	See Annex 2	AF: US\$1.5 million

Enhanced provincial government			and provincial level entities.		
			Subcomponent 3.2: Improve Training Quality through Regulatory and Quality Control Functions <ul style="list-style-type: none"> • Manage the periodic accreditation of training programs countrywide; • Manage the certification of rapid results coaches; and • Conduct tracer studies to review the usefulness of training on the job. 	See Annex 2	AF: US\$1.4 million
			Subcomponent 3.3: Strengthen Civil Servants' Capacity through an Infrastructure of Ten Training Centers and Leadership Training <ul style="list-style-type: none"> • Carry out the rehabilitation and acquisition of equipment for about two training centers; • Carry out the maintenance of about ten training centers and respective centers facilities and IT infrastructure on a decreasing scale basis; • Organize competitions for training centers and rapid results coaches; • Build a mechanism for efficient tracking of respective performance contracts (<i>lettres de mission</i>) between the Prime Minister and respective ministries; and • Organize leadership and results-based management training. 	See Annex 2	AF: US\$8 million
			Component 4: Supporting Public Service Reform at the Provincial Level (US\$7.9 million)	Subcomponent 4.1: Finalizing the Legal Framework Governing the Decentralization Process	See Annex 2

effectiveness for improved service delivery		<ul style="list-style-type: none"> • Key provincial public administration established • Improved accountability through data and information transparency for better service delivery 	<ul style="list-style-type: none"> • Prepare and adopt processes of missing key legislation; • Review and draft sector laws and regulations, and preparation of a road map for their implementation; and • Establish a national equalization fund (<i>Caisse Nationale de Péréquation</i>). 		
			<p>Subcomponent 4.2: Support the Establishment of Provincial Administrations</p> <ul style="list-style-type: none"> • Conduct an organizational review of selected priority provinces, and a staffing needs assessment; • Develop and implement new organigrams, and conceptualize standardized units, and core job descriptions; • Elaborate provincial training plans in line with the respective province staffing assessment needs; and • Establish viable consolidated administrations. 	See Annex 2	AF: US\$3 million
			<p>Subcomponent 4.3: Improve the Coordination and Monitoring of the Decentralization Process</p> <ul style="list-style-type: none"> • Conduct diagnostics; • Carry out refurbishment of the office space, and acquisition of logistics equipment for the Technical Unit for Support to Decentralization (<i>Cellule Technique d'Appui à la Décentralisation</i>); • Carry out the design and implementation of provincial 	See Annex 2	AF: US\$3.9 million

			<p>level data-dashboards;</p> <ul style="list-style-type: none"> • Elaborate a communication strategy; • Train civil servants on decentralization, and create effective provincial response capacity to move from analysis to doing; • Organize a national forum dedicated to the assessment of the strategic framework for the implementation of decentralization (<i>Cadre Stratégique de Mise Oeuvre de la Décentralisation</i>); and • Translate the governing law and legal texts into the four national languages. 		
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Annex 7: Overview of Governance Projects in the DRC

Governance Projects until 2016	Governance Projects from 2017
<p>PSRRP (P122229) Public Service Reform and Rejuvenation Project</p> <ul style="list-style-type: none"> • Administrative reform • Rejuvenation and pension reform 	<p>PSRRP restructured with AF (P160612) Administrative reform</p> <ul style="list-style-type: none"> • Rejuvenation and pension reform • Leveraging training centers • Increased support to provinces
<p>PRCGAP (P117382) DRC Establishing Capacity for Core Public Management Project</p> <ul style="list-style-type: none"> • Capacity development 	
<p>GCEP (P104041) DRC Enhancing Governance Capacity Project</p> <ul style="list-style-type: none"> • Administrative reform • PFM reform 	<p>PFMAP restructured with AF (P159160) PFM reform</p> <ul style="list-style-type: none"> • Increased support to provinces
<p>PFMAP (P145747) DRC Strengthening PFM and Accountability Project</p> <ul style="list-style-type: none"> • PFM reform 	

Annex 8: Description of the DRC Establishing Capacity for Core Public Management Project (PRCGAP, P117382) and its Performance

1. **The DRC PRCGAP closed on January 15, 2017.** Its development objective was to improve the performance of selected central and provincial Government structures in the effective and efficient delivery of priority services. The project provided support through four components: (a) strengthening leadership and introducing basic results-based management tools; (b) strengthening core functions; (c) support to local centers of excellence; and (d) strengthening the SENAREC, including the design and implementation of a quality control system to ensure consistency in program and course quality.
2. **A restructuring of the PRCGAP addressed issues identified during the midterm review, namely a highly ambitious design and too complex implementation arrangements with three PIUs that led to bottlenecks and unclear accountability for achieving the PDO.** The midterm restructuring focused the projects' activities on its two main areas: (a) the promotion of results-based management approaches with the help of an infrastructure of coaches and (b) building of a country-owned infrastructure of public sector training centers, called centers of excellence in the Project Appraisal Document. It also reduced the number of PIUs to one that would create clear responsibilities and accountability for achieving results.
3. **The PRCGAP closed in January 2017 with achievement of all its PDO-level indicators and intermediate results indicators.** One gender-related PDO-level sub-indicator increased the number of female participants receiving training from 7 percent to 23 percent, which is slightly below the 25 percent end target but above the percentage of female public servants (20 percent) and significantly overrepresented female participation in trainings and project activities at the targeted higher grade levels of the DRC's public service.
4. **As tracked in the intermediate results indicators, the majority of the project's rapid results initiatives (60 percent) achieved nearly all its objectives (measured as more than 90 percent).** Results include the significant increase in provincial tax collection and the advancement of a diverse set of development objectives as these initiatives align with Government priorities. This includes, for example, increasing birth certificate registrations. The project also established a network of rapid results coaches with international accreditation who are available for long-term support in the public sector.
5. **The project established eight public sector training centers, which for the first time provides the country with a country-owned training infrastructure to reduce expensive trainings abroad and increase the number of in-country trained civil servants.** Training centers have been renovated and have satellite-supported Internet connections that allow for videoconferencing and remote learning both in Kinshasa and the other provinces.