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Report No: PAD5527

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL GRANT

IN THE AMOUNT OF SDR 32 MILLION
(US\$42 MILLION EQUIVALENT)

TO THE

REPUBLIC OF BURUNDI

FOR THE

DIGITAL FOUNDATIONS PROJECT – MODERNIZATION OF PUBLIC FINANCIAL
MANAGEMENT

December 6, 2023

Digital Development Global Practice
Eastern and Southern Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective October 31, 2023)

Currency Unit = US\$

US\$1 = SDR 0.76

FISCAL YEAR
July 1 - June 30

Regional Vice President: Victoria Kwakwa

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Regional Director: Christine Qiang

Practice Manager: Maria Isabel Neto

Task Team Leaders: Audrey Ariss, Marianne Carolina Caballero Parra

ABBREVIATIONS AND ACRONYMS

| | |
|--------|---|
| AF | Additional Financing |
| ARMP | Burundi Public Procurement Regulatory Authority (<i>Autorité de regulation des marches publics</i>) |
| AWPB | Annual Work Plan and Budget |
| BIF | Burundian Franc |
| DRM | Domestic Resource Mobilization |
| EAC | East African Community |
| GoB | Government of Burundi |
| HR | Human Resources |
| HRM | Human Resource Management |
| ICT | Information and Communication Technologies |
| ID | Identification |
| IDA | International Development Association |
| IFMIS | Integrated Financial Management Information System |
| IMF | International Monetary Fund |
| IRI | Intermediate Results Indicators |
| ISR | Implementation Status and Results Report |
| IT | Information Technology |
| ITAS | Integrated Tax Administration System |
| MDA | Ministries, Departments and Agencies |
| MFD | Mobilizing Finance for Development |
| MFPTE | Ministry of Civil Service, Labor, and Employment (<i>Ministère de la Fonction publique, du Travail et de l'Emploi</i>) |
| MFBPE | Ministry of Finance, Budget and Economic Planning (<i>Ministère des Finances, du Budget et de la Planification Economique</i>) |
| MIELS | Ministry of Infrastructure, Equipment and Social Housing (<i>Ministère des Infrastructures, de l'Équipement et des Logements Sociaux</i>) |
| OBR | Burundi Revenue Authority (<i>Office Burundais des Recettes</i>) |
| PAFEN | Digital Foundations Project (<i>Projet d'Appui aux Fondations de l'Economie Numérique</i>) |
| PCM | Private Capital Mobilization |
| PFM | Public Financial Management |
| PIP | Public Investment Program |
| PIM | Public Investment Management |
| PIU | Project Implementation Unit |
| RF | Results Framework |
| SETIC | Executive Secretary for Information and Communication Technology (<i>Secrétariat Exécutif des Technologies d'information et de Communication</i>) |
| SIGEFI | Integrated Government Finance Management System (<i>Système d'Information Intégré pour la Gestion des Finances Publiques</i>) |
| SOE | State-owned enterprise |
| TA | Technical Assistance |
| TSA | Treasury Single Account |
| VAT | Value Added Tax |

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BASIC INFORMATION – PARENT (Burundi Digital Foundations Project - P176396)

| | | | | |
|------------|------------------------------|-----------------------------|--------------|----------------------|
| Country | Product Line | Team Leader(s) | | |
| Burundi | IBRD/IDA | Audrey Anne Alexandra Ariss | | |
| Project ID | Financing Instrument | Resp CC | Req CC | Practice Area (Lead) |
| P176396 | Investment Project Financing | IDD04 (10204) | AECC2 (6546) | Digital Development |

Implementing Agency: Secrétariat Exécutif des Technologies de l'Information et de la Communication (SETIC), Ministère de la Communication, des Technologies de l'Information et des Médias (MINCOTIM), Ministère de la Fonction publique, du Travail et de l'Emploi, Ministère des Finances, du Budget et de la Planification Economique

| | |
|--------------------------------------|--|
| Is this a regionally tagged project? | |
| No | |

| | |
|------------------------|--|
| Bank/IFC Collaboration | |
| No | |

| | | | |
|---------------|--------------|------------------------------------|--|
| Approval Date | Closing Date | Expected Guarantee Expiration Date | Environmental and Social Risk Classification |
| 22-Jun-2022 | 30-Aug-2027 | | Moderate |

Financing & Implementation Modalities

| | |
|---|--|
| <input type="checkbox"/> Multiphase Programmatic Approach [MPA] | <input checked="" type="checkbox"/> Contingent Emergency Response Component (CERC) |
| <input type="checkbox"/> Series of Projects (SOP) | <input checked="" type="checkbox"/> Fragile State(s) |
| <input type="checkbox"/> Performance-Based Conditions (PBCs) | <input type="checkbox"/> Small State(s) |
| <input type="checkbox"/> Financial Intermediaries (FI) | <input type="checkbox"/> Fragile within a Non-fragile Country |
| <input type="checkbox"/> Project-Based Guarantee | <input type="checkbox"/> Conflict |
| <input type="checkbox"/> Deferred Drawdown | <input type="checkbox"/> Responding to Natural or Man-made disaster |

Alternate Procurement Arrangements (APA)

Hands-on Expanded Implementation Support (HEIS)

Development Objective(s)

To increase broadband internet access, especially to underserved communities, and improve government’s capacity to deliver public services digitally.

Ratings (from Parent ISR)

| | Implementation | | Latest ISR |
|--------------------------------------|----------------|-------------|-------------|
| | 30-Sep-2022 | 15-Apr-2023 | 18-Oct-2023 |
| Progress towards achievement of PDO | S | S | MS |
| Overall Implementation Progress (IP) | S | S | MS |
| Overall ESS Performance | MS | MS | MS |
| Overall Risk | S | S | S |
| Financial Management | MS | MS | MS |
| Project Management | S | S | MS |
| Procurement | MS | MS | MS |
| Monitoring and Evaluation | S | S | S |

BASIC INFORMATION – ADDITIONAL FINANCING (Additional Financing to the Burundi Digital Foundations Project - Modernization of Public Financial Management - P180987)

| Project ID | Project Name | Additional Financing Type | Urgent Need or Capacity Constraints |
|------------|--|---------------------------|-------------------------------------|
| P180987 | Additional Financing to the Burundi Digital Foundations Project - Modernization of Public Financial Management | Restructuring, Scale Up | No |

| | | | |
|--------------------------------------|------------------------|---------------|--|
| Financing instrument | Product line | Approval Date | |
| Investment Project Financing | IBRD/IDA | 04-Jan-2024 | |
| Projected Date of Full Disbursement | Bank/IFC Collaboration | | |
| 30-Aug-2028 | No | | |
| Is this a regionally tagged project? | | | |
| No | | | |

Financing & Implementation Modalities

| | |
|--|--|
| <input type="checkbox"/> Series of Projects (SOP) | <input checked="" type="checkbox"/> Fragile State(s) |
| <input type="checkbox"/> Performance-Based Conditions (PBCs) | <input type="checkbox"/> Small State(s) |
| <input type="checkbox"/> Financial Intermediaries (FI) | <input type="checkbox"/> Fragile within a Non-fragile Country |
| <input type="checkbox"/> Project-Based Guarantee | <input type="checkbox"/> Conflict |
| <input type="checkbox"/> Deferred Drawdown | <input type="checkbox"/> Responding to Natural or Man-made disaster |
| <input type="checkbox"/> Alternate Procurement Arrangements (APA) | <input type="checkbox"/> Hands-on Expanded Implementation Support (HEIS) |
| <input checked="" type="checkbox"/> Contingent Emergency Response Component (CERC) | |

Disbursement Summary (from Parent ISR)

| Source of Funds | Net Commitments | Total Disbursed | Remaining Balance | Disbursed | |
|-----------------|-----------------|-----------------|-------------------|---------------------------------|------|
| IBRD | | | | <div style="width: 0%;"></div> | % |
| IDA | 50.00 | 4.94 | 44.09 | <div style="width: 10%;"></div> | 10 % |
| Grants | | | | <div style="width: 0%;"></div> | % |

PROJECT FINANCING DATA – ADDITIONAL FINANCING (Additional Financing to the Burundi Digital Foundations Project - Modernization of Public Financial Management - P180987)

FINANCING DATA (US\$, Millions)

SUMMARY (Total Financing)

| | Current Financing | Proposed Additional Financing | Total Proposed Financing |
|---------------------------|-------------------|-------------------------------|--------------------------|
| Total Project Cost | 61.00 | 42.00 | 103.00 |
| Total Financing | 61.00 | 42.00 | 103.00 |
| of which IBRD/IDA | 50.00 | 42.00 | 92.00 |
| Financing Gap | 0.00 | 0.00 | 0.00 |

DETAILS - Additional Financing

World Bank Group Financing

| | |
|---|-------|
| International Development Association (IDA) | 42.00 |
| IDA Grant | 42.00 |

IDA Resources (in US\$, Millions)

| | Credit Amount | Grant Amount | SML Amount | Guarantee Amount | Total Amount |
|--|---------------|--------------|-------------|------------------|--------------|
| Burundi | 0.00 | 42.00 | 0.00 | 0.00 | 42.00 |
| National Performance-Based Allocations (PBA) | 0.00 | 42.00 | 0.00 | 0.00 | 42.00 |
| Total | 0.00 | 42.00 | 0.00 | 0.00 | 42.00 |

COMPLIANCE

Policy

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

Yes No

Does the project require any other Policy waiver(s)?

Yes No

Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

| E & S Standards | Relevance |
|---|------------------------|
| Assessment and Management of Environmental and Social Risks and Impacts | Relevant |
| Stakeholder Engagement and Information Disclosure | Relevant |
| Labor and Working Conditions | Relevant |
| Resource Efficiency and Pollution Prevention and Management | Relevant |
| Community Health and Safety | Relevant |
| Land Acquisition, Restrictions on Land Use and Involuntary Resettlement | Relevant |
| Biodiversity Conservation and Sustainable Management of Living Natural Resources | Not Currently Relevant |
| Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities | Relevant |
| Cultural Heritage | Relevant |
| Financial Intermediaries | Not Currently Relevant |

NOTE: For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

INSTITUTIONAL DATA

Practice Area (Lead)

Digital Development

Contributing Practice Areas

Governance

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

PROJECT TEAM

Bank Staff

| Name | Role | Specialization | Unit |
|-----------------------------------|---|--------------------|-------|
| Audrey Anne Alexandra Ariss | Team Leader (ADM Responsible) | | IDD04 |
| Marianne Carolina Caballero Parra | Team Leader | | EAEG2 |
| Arcade Bigirindavyi | Procurement Specialist (ADM Responsible) | | EAERU |
| Ingrid Cesarine Meka | Financial Management Specialist (ADM Responsible) | | EAEG2 |
| Alexis Manirambona | Environmental Specialist (ADM Responsible) | | SAEE3 |
| Hubert Maurice Waterinckx | Social Specialist (ADM Responsible) | | SAWS4 |
| Alphonsus Nji T Achomuma | Team Member | DFS | EAEF2 |
| Anais Chanelle Mwizero | Team Member | | AEMBI |
| Aneliya Muller | Team Member | | IDD04 |
| Blaise Pascal Dushime | Team Member | WFA | WFACS |
| Bolivian Dinyuy Tata | Team Member | | IDD04 |
| Claudia Cardelli | Team Member | LEGAM | LEGAM |
| Giacomo Assenza | Team Member | cybersecurity | IDD09 |
| Ines Melissa Emma Attoua Ety | Team Member | Disbursement | WFACS |
| Julia Baena De Mesquita | Team Member | social | SAES3 |
| Kamal M. Siblino | Team Member | operations | IDDDR |
| Laurent Andiazabal | Team Member | telecom | CNGUP |
| Love Emma Ghunney | Team Member | | EAEG2 |
| Maureen P. Blassou | Team Member | operations | EAEG2 |
| Michele Sandrine Nininahazwe | Team Member | | AEMBI |
| Nadine Manirambona | Team Member | CO program support | AEMBI |
| Niyongabo Christian | Team Member | | GTFS2 |

| | | | |
|----------------------|--------------|---------------------|-----------------|
| Rajesh Kumar Shakya | Team Member | e-GP Specialist | EAERU |
| Tasneem Rais | Team Member | HQ program support | IDD04 |
| Extended Team | | | |
| Name | Title | Organization | Location |

I. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

A. Introduction

1. **This Project Paper seeks approval of the Executive Directors to provide an additional International Development Association (IDA) grant in the amount of SDR 32 million (US\$42 million equivalent) to the Republic of Burundi for the Digital Foundations Project (P176396).** In October 2022, the Government of Burundi (GoB) requested support for the digitalization of various Public Financial Management (PFM) processes, such as preparation and execution of the national budget, revenue administration, and human resources management, through the Burundi Digital Foundations Project (*Projet d'Appui aux Fondations de l'Economie Numérique; PAFEN - P176396*), which was approved on June 22, 2022. The preparation of an AF with restructuring was agreed upon to respond to the request. The AF would go beyond digitalization to strengthen government capacity to manage resources more effectively through the modernization of key PFM processes. The modernization will entail efficiency and transparency enhancements of PFM processes through process reengineering and capacity building supported by digital technologies. Activities will include the purchase and rollout of the core systems for financial management and tax administration, along with enhancements to the existing human resources management system. The AF includes a restructuring of the parent project with the following changes: (a) revision of the project development objective (PDO), (b) updates to the Results Framework, (c) adjustments to implementation arrangements, and (d) extension of the closing date.

2. **The additional financing (AF) will finance the costs associated with scaling up the Digital Public Service Enablers envisioned under PAFEN, provide a TA facility to address government priorities, and reinforce the PAFEN PIU with additional staff and rehabilitation of a dedicated site for the project.** Activities will be sequenced to ensure those financed under the AF build on investments in digital infrastructure and safeguards initiated under PAFEN. Activities will include technical assistance (TA), purchase and roll-out of information systems, and purchase of equipment, focusing on six PFM functions: (i) budget preparation, execution, accounting, and reporting; (ii) treasury management; (iii) tax administration; (iv) public investment management and reform coordination; (v) public procurement; and (vi) human resources and payroll management. The AF will also finance a TA facility to provide support to key Government priorities. Last, the AF will finance the rehabilitation of a site for the Project Implementation Unit (PIU), which will host digital government initiatives following project completion. This in response to a request received in November 2022 to rehabilitate premises given to the PAFEN PIU by the Ministry of Infrastructure, Equipment and Social Housing (*Ministère des Infrastructures, de l'Équipement et des Logements Sociaux; MIELS*), including land and several buildings. In response to the request for support on the development of a digital ID system, the PAFEN is carrying out, as a priority, TA to propose legal, organizational, and technical reforms that are required to advance the government's objectives and facilitate online service delivery through the deployment of a good practice digital ID system.

B. Parent Project Description and Current Status

3. **The PAFEN is financed through an IDA grant in the amount of US\$50 million equivalent.** The PAFEN development objective is *"to increase broadband internet access, especially to underserved communities, and improve government's capacity to deliver public services digitally"* and comprises three components: Digital Access and Inclusion (US\$36.5 million equivalent); Digital Public Service Delivery

Enablers (US\$21.3 million equivalent); and Coordination and Project Management (US\$3.2 million equivalent). The PAFEN is managed by a PIU within the Executive Secretariat for Information and Communication Technology (*Secrétariat Exécutif des Technologies de l'Information et de Communication*; SETIC).

4. **The PAFEN is rated Moderately Satisfactory on Progress towards achievement of PDO and Overall Implementation Progress (IP).** The PAFEN was declared effective on February 28, 2023. Overall implementation progress and project start-up are on track, though the pace has been slower than expected. Several legal covenants are not yet complied with and expected to be completed by March 2024. These include recruitments of a social and gender specialist, an assistant accountant and assistant procurement specialist, M&E and communication specialists and an infrastructure expert, as well as the adoption of an E-Waste Management Plan - all of which are in progress. Procurement and Financial Management (FM) continue to be rated Moderately Satisfactory and will be raised following the implementation of recommendations of the latest fiduciary reviews, including accelerating evaluations and recruiting additional staff to the PIU. There are no outstanding Interim Unaudited Financial Reports. Overall, ESS Performance is also Moderately Satisfactory and is expected to improve following the completion of the recruitment of the Social Specialist and finalization of the E-Waste Management Plan. Project disbursements are close to ten percent (US\$4.9 million equivalent as of November 2023). The 2023/24 (July-June) Annual Work Plan and Budget (AWPB) includes activities totaling US\$10 million equivalent. While no activities have yet been launched under Component 1 (Digital Access and Inclusion), twelve are under procurement. Under Component 2 (Digital Public service Delivery Enablers), advisory services to modernize the legal and regulatory framework for the sector are being implemented, and five other activities are under procurement. Most AWPB activities cover preparatory work for larger investments during the second year of project implementation. As a result, implementation pace is expected to accelerate with the signing of several contracts by the end of January 2024.

C. Sectoral Context

Key PFM Processes¹

5. **The GoB has made efforts to enhance PFM efficiency and transparency in recent years.** The 2018 Constitution established the legal and institutional framework for the budget and its related authorities (Government and Parliament) and, importantly, reinstated the jurisdictional status of the Court of Accounts (*Cour de Comptes*), among other PFM provisions. The GoB has also initiated reforms to replace its current system of traditional (input-based) budgeting with program budgeting. Moreover, increased tax revenues since the 2015 crisis have translated into an increase in fiscal revenues, and updated laws on Income Tax, Value Added Tax (VAT), and Tax and Non-Tax Procedures were passed in 2020. In 2022, a new Organic Law on Public Finances was passed. There have also been advances in the rollout of a salary policy designed to harmonize wages across the civil service.

6. **Challenges to effective and transparent management of public resources remain, starting with budget preparation, execution, accounting, and reporting.** The Court of Accounts' Execution Control report for the 2020/2021 National Budget² found that Arrears are created and not reported, and "unexpected" expenditures are carried out beyond the legal allowance (two percent of the total budget),

¹ A detailed analysis of the challenges outlined and the relation to lack or ineffective digital tools is available as background in the project files.

² Rapport public général Année 2021. République du Burundi, Cour des Comptes (2021).



even when the expenditures would have been foreseeable at the time of budget preparation. New budget lines are added to the budget in-year without parliamentary approval.

7. **Domestic Resource Mobilization (DRM)—though relatively high for the region—has not met its full potential, and transparency issues remain.** Since 2010, a year after the creation of the OBR, Burundi has had the highest tax revenues in the East African Community (EAC), except during the 2015-2017 crisis years.³ OBR has maintained these levels of tax collection using antiquated, mostly manual methods, of collection and audit. Though effective in collecting taxes, the manual nature of most collection represents fiduciary management risks.

8. **The Treasury Single Account (TSA) is under development, burdened by challenges on the expenditure and revenue sides.** The International Monetary Fund (IMF) has provided TA to the MFBPE for TSA consolidation for more than a year. They have focused on developing the TSA framework decree and surveying and evaluating the multiple governmental bank accounts. The main driver of the TSA is the urgent need for efficiency in the day-to-day bank balance estimation. Without digital interfaces between the budget execution system at the MFBPE, OBR, and the Central Bank, an accurate daily picture of available liquidity is nearly impossible.

9. **Public investment is projected to increase in the short term and will need support to ensure sustainable impact.** The MFBPE has set forth an ambitious public investment program (PIP) aligned with the national development plan (2018-2027) but there is no comprehensive institutional framework that regulates the different stages of the Public Investment Management (PIM) system (e.g., identification, preparation, approval) to accompany this significant increase in investment. Moreover, capacities in sectoral ministries for project development and management are weak. There are also no climate considerations embedded in project planning and limited environmental safeguarding.

10. **With a recent opening to external partners and commitments to new reform areas, the GoB will need a team to drive reforms.** On July 17, 2023, the IMF Board approved a US\$271 million equivalent 38-month Arrangement Under the Extended Credit Facility for Burundi. The World Bank is preparing a Development Policy Operation (DPO) to support the ongoing reform process. Other development partners may follow. This will mean a new and additional burden on the MFBPE to drive and report on key reforms for respective programs. To take the lead on this, the MFBPE has established a Coordination Unit (*Cellule de Coordination*). The Unit will need considerable support to outline its functional mandate and strategy, and to establish daily processes and practices effectively.

11. **Challenges in public procurement are eminent and reform of the public procurement sector is critical.** Public procurement is challenged by lack of transparency and inefficiency, presence of corrupt practices,⁴ unsatisfactory compliance with procurement practices and public procurement laws, delays in procurement and contract execution, weak accountability and limited capacity and expertise of the procurement executives which follow manual procedures for procurement management. A shortage of skilled procurement professionals makes it difficult to effectively manage procurement processes. Procuring entities also do not consistently follow standard bidding and procurement processes. Currently, Burundi does not have a comprehensive capacity building program for public procurement and transforming the traditional procurement system into the modern electronic procurement.

³ World Bank. Burundi 2023 Economic Update (forthcoming).

⁴ Transparency International's Corruption Perception Index ranked Burundi 171 out of 180 countries in the 2022 rankings.

12. The manual processes for human resources management (HRM) have reached an unmanageable level of physical registries that hamper the Ministry of Civil Service, Labor, and Employment (*Ministère de la Fonction Publique, du Travail et de l'Emploi; MFPTÉ*), ability to ascertain the workforce and plan for service delivery. The civil service is the largest employer in Burundi, with an estimated 105,000 civil servants. There is limited staff, within and outside of MFPTÉ, capable of using all functionalities of the existing Human Resources Management system (HRMS), OpenPRH, as well as limited equipment (computers, etc.) to manipulate it, so the system is used only for its most urgent function: payroll management.⁵ Updated and accurate data on the number and location of civil servants or service needs is hence not readily available and most HR processes, including leave approvals, disciplinary measures, and promotions are done manually and executed with delays.⁶

II. DESCRIPTION OF ADDITIONAL FINANCING

13. The AF is a proposed US\$42 million equivalent IDA grant, Table 1 shows original and revised components and costs and details of the activities follows.

Table 1: Original and Revised Costs by Component and Sub-components (US\$ million)

| Project components | Allocation and Source of Financing | | | |
|---|------------------------------------|-------------|-------------------------------------|--------------|
| | IDA (Parent project) | IDA (AF) | Commercial Financing (Unguaranteed) | Total |
| 1: Digital Access and Inclusion - Focused on increasing broadband internet access to underserved communities | 25.5 | 0 | 11.0 | 36.5 |
| 1.1: Enabling environment for broadband and e-services access | 2.4 | 0.0 | 0.0 | 2.4 |
| 1.2: Local connectivity access | 13.3 | 0.0 | 11.0 | 24.3 |
| 1.3: Local access and digital inclusion enablers | 9.8 | 0.0 | 0.0 | 9.8 |
| 2: Digital Public Service Delivery Enablers - Focused on improving the recipient's capacity to manage resources more effectively and deliver public services digitally | 21.3 | 38 | 0.00 | 59.3 |
| 2.1: Institutional, legal, governance and technology frameworks for e-services | 2.7 | 0.0 | 0.0 | 2.7 |
| 2.2: Shared digital infrastructure and public administration capabilities | 15.9 | 0.0 | 0.0 | 15.9 |
| 2.3: Digitalization of select services and flagship use-cases | 2.7 | 0.0 | 0.0 | 2.7 |
| 2.4: Modernization of key PFM processes | n/a | 38.0 | 0.0 | 38.0 |
| 3: Institutional Coordination and Project Management - Implementation support | 3.2 | 4.0 | 0.0 | 7.2 |
| 4: Contingent Emergency Response | 0.00 | 0.0 | 0.0 | 0.00 |
| Total | 50.0 | 42.0 | 11.0 | 103.0 |

⁵ This includes the recording of the salary level and benefits of each civil servant along with very limited demographic information but excludes career history information, among other important elements.

⁶ As an example, the average time for processing the file of a new recruit is 3 months and an additional 3 months to process their first salary payment.



14. **Component 2. Digital Public Service Delivery Enablers.** The component is being scaled up and restructured to include the activities for the modernization of PFM. This component finances cross-cutting digital government foundations that boost capacity for secure digital public service delivery and the use of digital tools and systems by Burundi's public administration. The AF will add financing to boost capacity for secure and transparent use of public resources to existing activities under Component 2, with the addition of a new Sub-component 2.4.

15. **Sub-component 2.4: Modernization of PFM (US\$38 million equivalent) include:**

- **Budget preparation, execution, accounting, and reporting (US\$13.5 million equivalent).** The objective is to enhance internal controls for budget execution, adapt budget preparation and accounting practices to program budgeting, and strengthen data processing capabilities needed for the sustainable operation of new PFM digital processes. The AF will finance TA and training to: (i) reinforce internal control practices; (ii) align accounting practices with program budgeting; (iii) purchase and roll-out a new Integrated Financial Management Information System (IFMIS). Accompanying skills and change management training will be provided, including capacity development of the MFBPE to better manage and service the new IFMIS and apply data processing and cybersecurity solutions aligned with data management policies already supported under Component 2. Capacity reinforcement will include a program to recruit, train and retain Information Technology (IT) professionals in the public sector.
- **Treasury management (US\$2 million equivalent).** The objective is to consolidate the treasury single account architecture by financing: (i) TA to establish the organizational and operational structure of the TSA; (ii) design and rollout of the digital connections/interphases between the IFMIS, integrated tax administration system, and Central Bank systems required to adjust to the operational requirements of the TSA; and (iii) upgrading/modifying of systems as needed to establish inter-connections.
- **Tax administration (US\$10 million equivalent).** The objective is to enhance risk-based control practices and transparency and reporting of the tax administration. The AF will finance: (i) acquisition and roll-out of an integrated tax administration system; (ii) accompanying change management trainings for system adoption; (iii) TA and trainings to develop data-driven risk assessments in the audit and day-to-day control processes (from data issued by the integrated tax administration system); and (iv) the development of a reliable and consistent practice of public reporting within the tax administration.
- **Public investment management (PIM) and reform coordination (US\$2 million equivalent).** The objective is to enhance the efficiency, impact, and climate change sensitivity of public investment projects (including externally funded) and macro-fiscal and PFM reforms. The AF will finance TA to: (i) strengthen the PIM cycle, including project preparation by sector ministries, and monitor the results framework for program budgets; (ii) enhance climate change-informed public investment planning and monitoring⁷; (iii) supervise externally and domestically funded projects; and (iv) work with project implementation teams to improve project performance. The AF will also finance the purchase and rollout of an IT system to supervise PIP projects.⁸ Additionally, support will be given

⁷ TA will be provided to develop climate-informed PIM practices, such as filters to align the selection PI projects to NDC commitments.

⁸ If more cost effective, preference will be given to an IFMIS solution that could include a PIP module.



to the newly created Reform Coordination Unit, including financing for south-south exchanges, trainings, and TA to develop the unit's mission, strategy, organizational set-up, and Standard Operating Procedures along with any needed hardware and software (e.g., computers, furnishings). In support of key reform efforts, activities will include TA to prepare capacity assessments and strategic planning for key reform areas, such as improved governance of State-owned Enterprises (SOE).⁹

- **Public procurement (US\$1.5 million equivalent).** The objective is to enhance the transparency, efficiency, and accountability of the public procurement system while preparing procurement processes for an evolution towards an e-Government Procurement (e-GP) system. Financing will provide TA to two broader areas: (i) develop a national procurement capacity development strategy and roadmap and implement the capacity building activities, which includes curriculum development for core short-term training programs, training of trainers, training to public entities, and training to bidding community; and (ii) create a conducive environment by supporting preparatory activities for the introduction of an e-GP system, which includes the development of an e-GP Strategy along with the assessment of the e-GP system and documentations currently under development by the GoB; implementation of a change management and communication strategy around the changes required for e-procurement; and the drafting and adoption of a legislative and regulatory framework for e-GP implementation. Financing will also support the enhancement of the current State Procurement Portal to ensure legal compliance with the transparency of procurement processes and operationalization of the Portal while the sector prepares itself for an end-to-end comprehensive e-GP.
- **Human resources and payroll management (US\$9 million equivalent)** The objective is to: (i) consolidate and improve the reliability of the civil servants' database and eliminate potential inconsistencies on the MFPTE database and to ensure the transparent and reliable access to the payroll system; (ii) reinforce HRM control systems including attendance at key ministries, identity verification, and retirement protocols; and (iii) enhance the efficiency and reliability of career management functions at the MFPTE. The AF will finance (i) the design and rollout of a biometric census and functional ID system, and concurrent match/mismatch survey of the payroll; (ii) TA to reinforce payroll controls sustainably; (iii) change management TA and training to adopt and fully exploit the existing modules in OpenPRH (payment, career management and recruitment); (iv) any needed customization of the system; (v) equipment for the use of the system and interconnections and interphases with other PFM systems; (vi) digitalization of records as needed; (vii) a program to build internal digital skills and competencies within the MFPTE and HR units in MDAs to manage and support digitalization and uptake; and (viii) TA to build capacity for data secure personnel data management practices.

16. **Data hosting for digital platforms supported by both PAFEN and the AF will be aligned with the national data management and hosting policies being developed under PAFEN.** All data processing and hosting solutions will incorporate the application of internationally recognized best practices in energy efficiency in all calls for tender, include feasibility studies to reduce the risk of data loss in the event of

⁹ SOEs employ more than 75 percent of the country's formal workers, and they account for almost one-third of overall non-farm wage employment. Estimates of SOEs' debt amount to 2 percent of the GDP, including wage arrears. The Direction in Charge of Reforming Publicly Owned companies (*Direction des réformes des sociétés à participation publique*; DRSP) was created in September 2020 and is under the MFBPE.



climatic events, and be examined for climate risks and adequate adaptation measures, which will be integrated during implementation.¹⁰

17. **Component 3: Institutional Coordination and Project Management.** The component is being scaled up and restructures to include a TA facility and the rehabilitation of buildings assigned to the project. Additional resources will also be devoted to increase PIU staffing, in line with the PFM-specific expertise and additional procurement processing capacity required to manage the new activities. New activities are as follows:

- **TA facility for government priorities (US\$2 million equivalent).** To support MDAs to better manage resources devoted to the implementation of key initiatives, reforms, and priority programs, this sub-component will finance: (i) qualified experts for short- and medium-term assignments; (ii) study-tours for civil servants and officials to explore global best practices on their respective formal functions, and (iii) trainings for civil servants. The experts, travel, and trainings will be aligned with the objectives of the national development plan and the respective sector's policies and long-term planning. The TA Facility technical lead will be decided during implementation based on their capacity to effectively manage requests and reflect the GoB's priorities as indicated in the project implementation manual. The procedures to select the MDAs that would benefit from the activities will also be agreed upon during project implementation and outlined in the project implementation manual.
- **PAFEN PIU strengthening and site rehabilitation (US\$2 million equivalent).** Support to manage the additional activities and rehabilitate a site given to the project by the GoB. This site has a surface area of 1 hectare, comprising 15 buildings (one floor structures with about two rooms), but only eight will be rehabilitated internally and externally for PAFEN. The site will have the capacity to host PIU offices and public institutions working on digital government initiatives in the future, including SETIC, and national data protection and cybersecurity functions. It will also host the Network Operating Centre (NOC) being financed under PAFEN. At the end of the project, the offices will be under the responsibility of SETIC. The rehabilitation will involve TA for the provision of comprehensive cost estimates covering civil, electrical and interconnection works; a social and environmental audit, which will inform design to ensure rehabilitation activities are aligned with the World Bank environmental and social framework; and a business sustainability plan to ease the maintenance of the buildings over their lifespan. The environmental and social audit will ensure the incorporation of adaptation and mitigation measures standards for digital and broadband infrastructure and construction of buildings. An energy assessment/audit will also be included before the renovation to identify potential GHG emission reduction/energy conservation measures that are economically and technically feasible to implement during architectural works (such as reducing energy demand for thermal comfort and lighting in the designs) the interconnection works, electrification and equipment of the site. The rehabilitation will

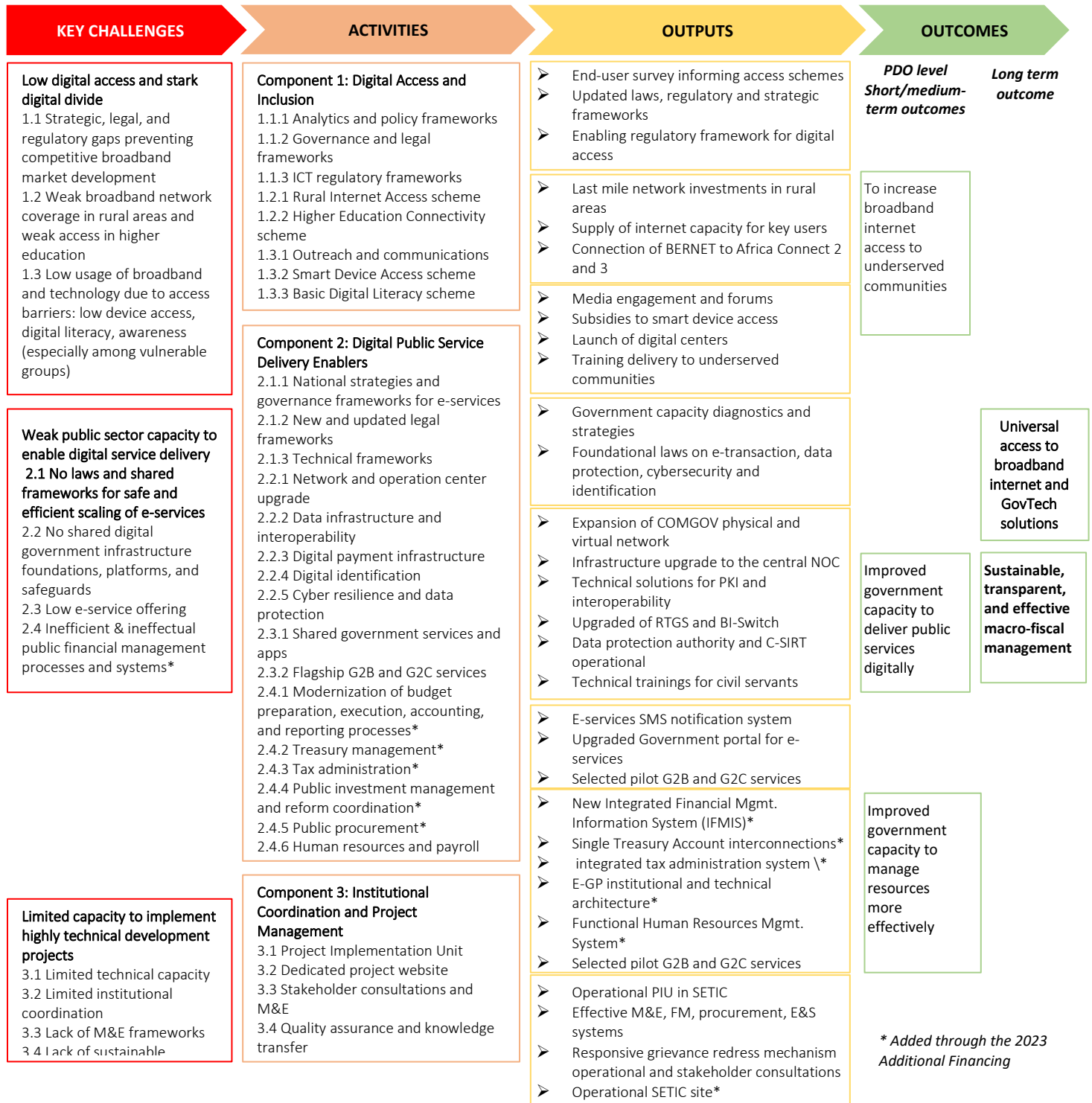
¹⁰ Data processing solutions will integrate application of internationally recognized best practices on energy efficiency (e.g., Green ICT Standards and Supplements (<https://www.itu.int/net/ITU-T/lists/standards.aspx?Group=5&Domain=28>), ITU-T L 1300, ISO 50001 Energy management, etc.) in all tenders. These include, for instance, procuring/installing low energy-consumption servers and latest/certified energy efficient IT equipment), Power Usage Effectiveness (PUE) monitoring, etc. Data hosting and processing solutions will be screened for climate risks, and adequate adaptation measures will be integrated accordingly (e.g., embedding elevation for servers to reduce damage from potential floods risks, embedding automated backup and disaster recovery to avoid data loss in the event of climate calamities).

incorporate the best-possible lower GHG/energy efficiency measures, as identified by the assessment, such as procuring and installing energy-efficient office and IT equipment. All site rehabilitation, including for the NOC, will be climate resilient to adverse weather events and will ensure business continuity in the event of disasters, and built according to international energy efficiency standards such as those recommended by EDGE, LEED and BREAM.

Other changes

18. **PDO.** The revised PDO has been expanded and is: “To increase broadband internet access, especially to underserved communities, and improve government’s capacity to manage resources more effectively and deliver public services digitally.” The AF will strengthen government capacity to manage resources more effectively through the modernization of key PFM processes. Two new PDO indicators, focused on the two sides of public resources (revenues and expenditures) are included: (i) Level of irregular expenditures in the yearly budget execution report; and (ii) Share of tax audits selected by data-informed practices. The Theory of Change has been updated to reflect the additional expected outcome, outputs, and key constraints.

Figure 1: Updated Theory of Change

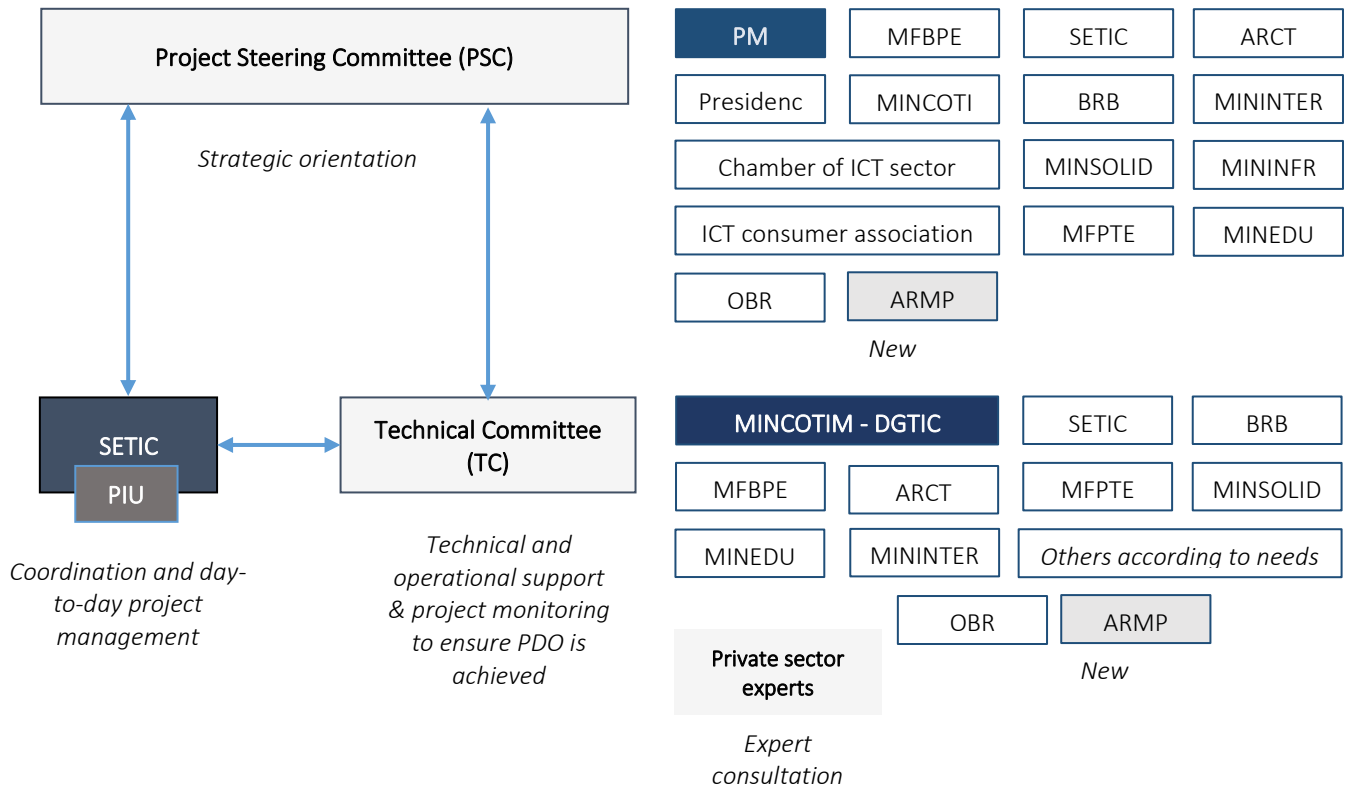


Critical assumptions include: (a) No dramatic economic shocks incurred that change fiscal environment, (b) Government is committed to supporting competition and enacting/adopting new/upgraded policy, legal and regulatory frameworks developed, (c) private sector is willing to expand provisions of digital services if net-profit is positive, (d) citizens actively participate in digital access initiatives if they understand benefits.

19. **Results Framework (RF).** The RF has been revised to reflect the focus on the management of public resources. In addition to the two new PDO indicators mentioned above, four new Intermediate Results Indicators (IRIs) are added: (i) Number of tax services covered by the integrated tax administration system; (ii) National Budget prepared and executed through the new IFMIS; (iii) Time taken to process personnel services; and (iv) Number of MDA’s human resource units connected to the central HRMIS system (see Results Framework and Monitoring Section for the description of each indicator).

20. **Institutional and Implementation Arrangements.** The AF will utilize the same arrangements as under PAFEN, which include a Steering Committee and a Technical Committee. As with PAFEN, beneficiary institutions of the financing will lead activities within their purview and are included in the PAFEN’s Steering and Technical Committees. MFBPE will lead all PFM-related activities on Component 2 except the HRM-related activities for which the MFPTE will be the lead. The SETIC will lead the rehabilitation of the PAFEN site. The TA Facility lead will be decided during implementation based on their capacity to effectively manage requests and reflect the GoB’s priorities. The Project Steering Committee and Technical Committee will also be expanded to include a Burundi Public Procurement Regulatory Authority (*Autorité de regulation des marchés publics*; ARMP) representative. The Project Steering Committee, originally chaired by the MINCOTIM, will be chaired by the Office of the Prime Minister, with the MINCOTIM and MFBPE acting as vice-chairs. Additional key staffs will be recruited to support the PIU, such as a Deputy Coordinator in charge of PFM, and a Senior Procurement Specialist to accommodate for the increase in activities when/if needed. A consultant would also be recruited to oversee the rehabilitation of the PAFEN site.

Figure 1: Revised Implementation Arrangements





21. **Extension of closing date.** To allow for implementation of the AF activities, the closing date of the project is being extended by one year, to August 30, 2028.
22. **Legal covenants.** The legal covenants not yet completed under PAFEN have been amended under the AF: recruitment of a social specialist and a gender-based violence and gender specialist within two months of effectiveness of the AF; and within three months of effectiveness of the AF, adoption of an e-waste management plan and recruitment of a deputy coordinator in charge of PFM, an accounting assistant, an assistant procurement specialist, a communications specialist, a technical specialists on digital infrastructure and an additional senior procurement specialist.

III. KEY RISKS

23. **The Overall Risk rating remains Substantial.** The risk assessment of the AF activities reflects the parent project risks. The AF activities are subject to the following risks and will benefit from similar mitigation measures outlined in the PAFEN PAD risk assessment:
 - (a) **The political and governance risk rating is Substantial.** The World Bank 2022 Risk and Resilience Assessment has served to inform project design and implementation arrangements and mitigate risks related to instability, limited progress in the adoption and implementation of critical reforms, and weak governance and institutions. Implementation of the project will be accompanied by strong policy dialogue pertaining to key reforms in public financial management, together with a comprehensive package of TA support. Recent and ongoing decentralization of World Bank staff to the Bujumbura office will allow for continued monitoring of possible changes in the enabling environment and ensure strong dialogue with key policy makers as well as enhanced supervision support.
 - (b) **The macroeconomic risk is rated Substantial.** Economic shocks or macro-economic instability would remove MFBPE's attention to internal reforms such as implementation of the IFMIS. This risk will be mitigated by the wider World Bank macroeconomic policy dialogue and support, including through a DPO to sustain momentum of key reforms through macro-challenges as they arise. The Burundi Building Resilient and Sustainable Growth DPO (P180744) aims to support resilient and sustainable growth in Burundi through (i) improving fiscal management, (ii) improving the business environment for private sector-led growth, and (iii) strengthening the foundations of the enabling energy and digital economy sectors. The PAFEN Task Team will support policy dialogue on fiscal management and digital economy as a part of a holistic strategy to support macro challenges led by the PDO.
 - (c) **The sector strategies and policies risk is rated Substantial.** Reforms in the civil service sector will require considerable political will and stakeholder engagement. As a mitigation measure the AF includes a comprehensive technical assistance package to support the Government on related issues that require further analysis, with the aim of building consensus and providing a platform for continuous policy dialogue with the Government on how to best accelerate the reforms.
 - (d) **Technical design of the project risk is Substantial** due to the introduction of new activities and scale up with the inclusion of additional beneficiaries. With the purchase and rollout of two major systems (IFMIS and integrated tax administration system) the following conditions might not materialize, hence endangering the AF activities: steady electricity supply, reliable internal (intra-ministerial) and external (e.g., Central Bank) connections, and availability of data processing and protection capabilities (e.g., datacenters, cybersecurity protocols). The adoption of the two new



systems may not be successful due to a lack of behavioral changes among users towards the efficient use of its capabilities. Last, there may not be maintenance/sustainability due to a lack of fiscal resources to sustain usage fees and/or specialized maintenance of the systems. Given that these are two separate systems to be rolled out among other activities on the original PAFEN in a relatively small digital ecosystem, risks are compounded as the rollouts might compete between each other for local skilled/specialized labor and other resources. Mitigation measures include the decision to focus on critical systems, such as the IFMIS, while not over-extending with other systems, such as e-GP, as well as establishing implementation management of the two systems selected on separate institutions (MFBPE and OBR) to manage the possibility of overcrowding the implementers and contracting of an owners' agent (*Assistance a la Maitrise d'Ouvrage*) to accompany all rollouts and ensure additional support and skills in the implementation of the project's key activities. In addition, a fiscal sustainability filter will be applied to any major purchase of systems and activities. The filter will ask what are the medium- and long-term fiscal weight of the maintenance of the respective systems, including the cost of staff needed to service the system. The project will also endeavor to maintain salary costs within the government payroll to ensure sustainability after the project's life cycle.

- (e) **The institutional capacity for implementation and sustainability risk is rated Substantial.** Limited availability of IT skills in the country may impact implementation of AF activities. As a mitigation measure, the project will place a heavy emphasis on (a) knowledge transfer as part of all activities financed to enable local staff to operate, maintain, and develop systems and infrastructure introduced; (b) leveraging commercial and private sector models for continued operation/maintenance of infrastructure; and (c) sequencing activities to ensure that robust foundations are built and institutional capacity is not overstretched at any one time
- (f) **The fiduciary risk is rated Substantial.** Risks resulting from past practices of contracting local providers through single-source procedure for large-scale IT systems as well as generally weak governance will need to be actively addressed, given the sizable contracts likely to be awarded as well as the level of expertise required. Advisory services financed by the project will be leveraged to help manage more technically complex and high-value tenders for large system, ensure adoption of open standards and open sources solutions where possible to avoid vendor lock-in, and ensure strict adherence of World Bank's Procurement Regulations.
- (g) **The stakeholders' risk is rated Substantial.** The OBR will need to manage taxpayers' expectations and capabilities around digitalization while human resources in the public sector will need to change their practices and behaviors to adopt new systems. As a mitigation measure the project includes, (a) active stakeholder consultations to ensure buy-in, (b) implementation arrangements that include the sectoral chamber of commerce and consumer association (for digitalization of taxes); and (c) TA to empower OBR and MFPTTE to spearhead coordination.
- (h) **Other risks associated with cybersecurity and data protection are rated Substantial.** Cybersecurity and data protection risks include the potential misuse of World Bank-funded ICT systems, software, tools, and applications along with personal data stemming from the human resources system and the tax administrations system. Related incidents risk eroding trust in e-services and could thus deter usage that would directly affect the PDO. The project will invest in robust legal/regulatory compliance and institutional frameworks, technical standards and protocols, technical tools; conduct audits and penetration tests, and capacity building to limit misuse; bolster threat prevention and the ability of national cybersecurity and data protection authorities to handle attacks and breaches in real time, control damage, and support quicker



recovery and remedy. International best practices and standards in cybersecurity and data protection will also be embedded in technical specifications when procuring hardware or software through the project. Mitigation also includes capacity building of technical staff to evaluate the security of hardware and software and identify ‘backdoor access’ vulnerabilities on a continual basis and the use of trusted neutral advisors on goods selection.

IV. APPRAISAL SUMMARY

A. Technical and Economic Analysis

24. **A review of the economic analysis of the parent project was conducted during appraisal to consider the new activities.** The PAFEN Cost Benefit Analysis, estimated the overall net present (NPV) value for the project at a 12.2 percent discount rate, in the neutral scenario at US\$10.82 million and was expected to demonstrate an internal rate of return (IRR) of 27 percent over a 10-year period. In optimistic and pessimistic scenarios, the NPV is expected to be US\$18.04 million and US\$5.3 million, respectively, whereas the internal rate of return (IRR) is expected to be 36 percent and 20 percent, respectively. This includes savings made through the use of digital services, which were estimated based on savings figures found in Moldova where the cost of handling, storing, and processing a document reached US\$3.50 per document. After digitization, the cost went down to US\$0.75—a 79 percent unitary cost reduction. The reduction is used for the optimistic scenario, while a 60 percent reduction is used for the neutral scenario. (neutral: 60 percent, pessimistic 40 percent, optimistic 79 percent). The model also includes calculations to estimate savings in transportation time and fuel due to services being digitized and thus accessible remotely by citizens, businesses, and government.

25. **As outlined in the parent project economic analysis, the public sector is expected to benefit from cost savings resulting from the productivity gains associated with new/improved government digital infrastructure.** Greater government digitization and investment in shared digital infrastructure and public administration capabilities, already supported under Component 2 and expanded through the AF, is still expected to yield cost savings and efficiency gains in the same order as noted above. The AF will build especially on the e-government work being conducted under the PAFEN, as well as activities that support expanded access to internet in rural areas. Wider use of digital technologies is expected to reduce transaction costs by lowering the time spent on manual processing, allowing public sector staff to focus on higher-value tasks. Numerous examples of savings from a reduction in errors, fraud, and corruption¹¹ are also still expected to apply. The productivity gains of a more efficient digital human resources management as well as the transition from paper-based processes to digital systems will create fiscal savings. The new activities will also increase revenues through the improved efficiency of the tax administration and the declaration systems. Last, the financing to rehabilitate the PAFEN site will ensure cost efficiencies from rental fees due for the duration of the project and put in place a legacy infrastructure for national digital institutions and initiatives.

26. **The project is universally aligned with goals of the Paris Agreement on both mitigation and adaptation.** The AF is consistent with Burundi’s Nationally Determined Contribution (NDC) (updated 2021) that made an unconditional pledge to reduce emissions by 3.04 percent by 2030, and 12.61 percent with international support. The NDC envisages the development of a logical framework to monitor and assess

¹¹ ID4D. 2018. Public Sector Savings and Revenue from Identification Systems: Opportunities and Constraints. Report.

the implementation of the priority mitigation and adaptation actions. Given the AF activities are limited to public administration and digitization, the assessment of the mitigation risks confirm that the AF is universally aligned with the Paris Agreement, and its activities will actively contribute or do no harm to decarbonization in line with the mitigation goals of the agreement. See paragraph 35 for measures included in the AF to respond to climate mitigation and adaptation risks.

27. **The AF is also aligned with corporate and regional priorities.** AF activities supporting improving the efficiency of the public administration do not pose any risk to Burundi's low-carbon development goals, except refurbishment of PAFEN buildings. Data processing solutions under subcomponent 2.2 will address climate related risks identified in the Climate and Disaster Risk Screening assessment (extreme precipitation and floods), including mitigation with storage solutions (whether infrastructure or services) that follow internationally recognized best practices on energy efficiency such as International Telecommunications Union (ITU)-T Green ICT standards on data processing and data hosting. Rehabilitation of buildings will include a social and environmental audit, which will integrate energy efficiency measures and assessment of site-specific climate risks to inform design to ensure integration of adequate climate adaptation measures. The AF will ensure the SETIC site rehabilitation and data processing solutions are in line with country's low carbon development goals and reduce adaptation risks to 'acceptable' level. The AF will finance TA for climate-informed public investment practices, such as the adoption of filters for the selection of public investment projects that align to the GoB NDC's goals.

28. **The AF design has benefited from lessons learned from previous World Bank projects in Burundi and globally.** An important lesson learned from the implementation of projects, especially PFM-related ones, in Burundi has been the importance of simplicity in project design to reflect the country's low-capacity environment. Drawing on this lesson, activities under the AF were thus streamlined to focus on addressing key foundational PFM challenges. Moreover, to mitigate the risk of low absorptive capacity by the client, efforts have been made to properly sequence TA activities in the AF, with the most urgent capacity needs taking priority. The AF also takes into consideration other lessons learned from global experience, including designing a robust system of monitoring and evaluation to capture project implementation progress as well as impact, the importance of conducting assessments to inform project design and to appropriately address potential constraints.¹²

29. The impact of rising temperatures and rainfall and related climate hazards of flooding and mudslides could potentially affect PFM systems supported by the AF, including the integrated tax administration system, IFMIS, and interoperability between supported systems. The impact of climate hazards is moderate as project activities and system installations are in Bujumbura, where hazard risks are lower than in the rural hills. The AF has integrated necessary adaptation measures in its design to mitigate these risks. The climate adaptation and mitigation activities planned under the parent project will continue under this AF. AF activities supporting improving the efficiency of the public administration do not pose any risk to Burundi's low-carbon development goals, except refurbishment of PAFEN buildings.

B. Financial Management (FM)

30. **The residual FM risk is Substantial.** The unit in charge of FM, accounting, auditing, and reporting at SETIC has been recently put in place. The FM specialist is in place since March 2023, and the senior

¹² A longer analysis of lessons learned from previous projects reflected in the design of the AF is found in the project documents.

accountant joined the team in June 2023. The junior accountant and internal auditor’s recruitment are yet to be completed. The FM team is being trained and coached by an experienced team from the Local Development for Jobs project (P155060); (b) the computerized FM system is new to the team, and it needs to be upgraded to accommodate the additional financing; (c) SETIC has not had any external audit for the last 3 fiscal years. The General State inspectorate under the presidency in charge of the external audit of SETIC as per the regulations hasn’t planned any mission to complete the SETIC audit. External audit arrangements are in place for PAFEN, and the audit report is due on December 31, 2023. The following mitigation measures will be implemented: (a) World Bank-approved update of the existing project implementation manual one month after effectiveness, with acceptable FM procedures; (b) complete the recruitment of qualified FM staff to reinforce SETIC’s FM team; (c) update the computerized accounting system to include the additional financing; and (d) continue the training/coaching of new PIU FM staff on World Bank FM procedures. In addition, the TA facility will require, as a disbursement condition, the approval of an operations manual that will detail the conditions through which the TA facility will select funding proposals from MDAs that are in line with the GoB’s key priorities.

C. Procurement

31. **The residual procurement risk is moderate** A Procurement capacity assessment of the SETIC-PIU Implementing Agency was carried out since the fiduciary team will have responsibility for the AF procurement activities. The Implementing Agency has a Senior Procurement Specialist among its core staff who has already worked on other projects financed by the World Bank. The Procurement Specialist has the right skills and good procurement knowledge and experience. With the added responsibilities, it is important to reinforce the team with additional staff and means. The mitigation measures are as follows:

| Implementing agency | Procurement mitigation measures | By when |
|---------------------|--|---|
| MFBPE /SETIC | Recruitment of a Senior Procurement Specialist | Three months after effectiveness |
| MFBPE /SETIC | Elaborate and submit to IDA for approval an update of the existing Project Implementation Manual taking into consideration any specificities related to the AF | One month after effectiveness |
| MFBPE /SETIC | Training the new Procurement Specialists and the tender committee in World Bank Procurement Regulations | Six months after effectiveness and from time to time as needed. |

32. **Oversight and monitoring arrangements for procurement.** The existing Project Implementation Manual will be updated taking into consideration any specificities related to the AF. The updated Project Implementation Manual will be submitted to the World Bank for review and no objection no later than one month after effectiveness. It will update the internal organization and its implementation procedures, to include, among other things, all the relevant procurement procedures. The project monitoring arrangements for procurement will also be updated. Detailed procurement documentation (for example, PPSD) may be referenced as such and retained in the project files.

D. Legal Operational Policies

| | Triggered? |
|---|------------|
| Projects on International Waterways OP 7.50 | No |
| Projects in Disputed Areas OP 7.60 | No |

E. Environmental and Social (E&S)

33. **The E&S risk rating remains moderate.** Under the parent project, an ESCP (as part of a legal agreement) a SEP, a GRM sensitive to SEA/SH aspects, an ESMF, a LMP, a RPF, and an IPPF were prepared and disclosed. The ESCP, SEP, and LMP were updated to reflect the AF, consulted upon, and disclosed in country on September 22, 2023 and on the World Bank external website on October 17, 2023.¹³ The mitigation measures put in place under the parent project still apply for the AF activities. During AF implementation a Social Evaluation will also be carried out to, (i) identify the potential social impacts of AF activities, including those resulting from the proposed changes to human resources management, labor force and payroll; (ii) establish how vulnerable groups will have equitable access and not be adversely affected by the project's activities; (iii) analyze the risks of project activities on GBV, including SEA/HS and how the project could create or exacerbate contextual risks. Based on the results of the Social Evaluation, appropriate measures will be incorporated in the respective E&S instruments in the first six months of implementation. The manual of operations for the GRM, sensitive to SEA/SH risks, which was required under the parent project but not yet rolled out, must also be developed before the beginning of activities. A comprehensive project Grievance Redress Mechanism (GRM) is not yet in place, though a feedback mechanism has been put in place at the PIU. It is expected that the GRM for both PAFEN and the AF will be established during the first quarter of 2024; support is being provided to the PIU to this effect.

34. **Gender.** The AF will continue to adopt gender-sensitive approaches to implementation of activities to reduce gaps to increase digital literacy, with an indicator to monitor number of women trained. The HRM reforms' social-impact study to be conducted through the project will use a gendered approach which will then inform interventions on that area. The activities of the AF will directly tackle the following gender gap identified through the parent project:

- **Gender gap identified:** Ensure that women have equal access to public sector jobs related to digital services and infrastructure at technical and management levels.
- **Solution:** Target female civil servants for training on how to use and manage new digital infrastructure, systems, services, and applications introduced. Activities 2.2.1-3, 2.3.1-2 of the parent project were already using this approach. All training activities for the roll-out of the IFMIS and integrated tax administration system will have the same approach.
- **Measurement:** the AF will continue to measure the Intermediate Results Indicator already on the original project: *Number of civil servants trained in management or use of digital systems and infrastructure, of which women.*

35. **Citizen engagement.** The AF will use the same approach as the parent project, including feedback collected from end users and beneficiaries for citizen facing services such as certain features of the

¹³ <https://setic.gov.bi/actu/>



integrated tax administration system and the HRMS. The AF will rely on the same GRM mechanism of the parent project which is in the process of being established and expected in the first quarter of 2024.

36. **Climate co-benefits.** The AF activities will support Green, Resilient and Inclusive Development through the following climate adaptation and mitigation measures:

- **Climate Informed Public Investment Management.** The AF will support the development of a climate resilience and adaptation filter for public investment projects with the aim to ensure all new public investment projects consider climate change risks during their design stage and that the monitoring stage includes compliance with climate change-related safeguards. Reform Coordination TA would also be climate informed, promoting climate change considerations on reform planning through south-to-south exchanges to countries that can exemplify climate-informed reforms. The AF will finance US\$2 million equivalent for activities to support strengthening of PIM and reform coordination, with the aim of ensuring that all future capital projects in Burundi and macro-fiscal reforms are climate-resilient and low-carbon.
- **Energy-efficient and climate resilient data processing solutions.** Any additional data processing solutions to be established/upgraded through the AF under Component 2 will be developed with a resilience lens and in line with the National Strategy for Data Management to be developed by the original PAFEN (Activity 2.2.2.) which will include mitigation measures for climate-related risks to storage solutions (whether infrastructure or services) as well as energy-efficiency-enhancing directives. The AF would devote US\$13 million equivalent to support Budget preparation, execution, accounting, and reporting.

V. WORLD BANK GRIEVANCE REDRESS

37. **Grievance Redress.** Communities and individuals who believe that they are adversely affected by a project supported by the World Bank may submit complaints to existing project-level grievance mechanisms or the Bank'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 Bank's independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, as a result of Bank non-compliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and borrowers with the opportunity to address complaints through dispute resolution. Complaints may be submitted to the AM at any time after concerns have been brought directly to the attention of Bank Management and after Management has been given an opportunity to respond. For information on how to submit complaints to the Bank's Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the Bank's Accountability Mechanism, please visit <https://accountability.worldbank.org>.

VI SUMMARY TABLE OF CHANGES

| | Changed | Not Changed |
|--|---------|-------------|
| Implementing Agency | ✓ | |
| Project's Development Objectives | ✓ | |
| Results Framework | ✓ | |
| Components and Cost | ✓ | |
| Loan Closing Date(s) | ✓ | |
| Legal Covenants | ✓ | |
| Cancellations Proposed | | ✓ |
| Reallocation between Disbursement Categories | | ✓ |
| Disbursements Arrangements | | ✓ |
| Financial Management | | ✓ |
| Procurement | | ✓ |
| Other Change(s) | | ✓ |

VII DETAILED CHANGE(S)

IMPLEMENTING AGENCY

| Implementing Agency Name | Type | Action |
|---|--------------------------------------|-----------|
| Ministère de la Communication, des Technologies de l'Information et des Médias (MINCOTIM) | Line Ministry/Ministerial Department | No Change |
| Ministère de la Fonction publique, du Travail et de l'Emploi | Central Ministry | New |
| Ministère des Finances, du Budget et de la Planification Economique | Central Ministry | New |
| Secrétariat Exécutif des Technologies de l'Information et de la Communication (SETIC) | Line Ministry/Ministerial Department | No Change |



PROJECT DEVELOPMENT OBJECTIVE

Current PDO

To increase broadband internet access, especially to underserved communities, and improve government’s capacity to deliver public services digitally.

Proposed New PDO

To increase broadband internet access, especially to underserved communities, and improve government’s capacity to manage resources more effectively and deliver public services digitally.

COMPONENTS

| Current Component Name | Current Cost (US\$, millions) | Action | Proposed Component Name | Proposed Cost (US\$, millions) |
|--|-------------------------------|--------|--|--------------------------------|
| 1: Digital Access and Inclusion | 36.50 | | 1: Digital Access and Inclusion | 36.50 |
| 2: Digital Public Service Delivery Enablers | 21.30 | | 2: Digital Public Service Delivery Enablers | 21.30 |
| 3: Institutional Coordination & Project Management | 3.20 | | 3: Institutional Coordination & Project Management | 3.20 |
| 4: Contingent Emergency Response | 0.00 | | 4: Contingent Emergency Response | 0.00 |
| TOTAL | 61.00 | | | 61.00 |

LOAN CLOSING DATE(S)

| Ln/Cr/Tf | Status | Original Closing | Current Closing(s) | Proposed Closing | Proposed Deadline for Withdrawal Applications |
|-----------|-----------|------------------|--------------------|------------------|---|
| IDA-E0930 | Effective | 30-Aug-2027 | 30-Aug-2027 | 30-Aug-2028 | 30-Dec-2028 |

Expected Disbursements (in US\$)

| Fiscal Year | Annual | Cumulative |
|-------------|--------------|--------------|
| 2022 | 0.00 | 0.00 |
| 2023 | 4,174,103.96 | 4,174,103.96 |



| | | |
|------|---------------|---------------|
| 2024 | 12,000,000.00 | 16,174,103.96 |
| 2025 | 24,000,000.00 | 40,174,103.96 |
| 2026 | 24,000,000.00 | 64,174,103.96 |
| 2027 | 20,000,000.00 | 84,174,103.96 |
| 2028 | 6,300,000.00 | 90,474,103.96 |
| 2029 | 1,525,896.04 | 92,000,000.00 |

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

| Risk Category | Latest ISR Rating | Current Rating |
|--|-------------------|----------------|
| Political and Governance | ● Substantial | ● Substantial |
| Macroeconomic | ● Substantial | ● Substantial |
| Sector Strategies and Policies | ● Substantial | ● Substantial |
| Technical Design of Project or Program | ● Moderate | ● Substantial |
| Institutional Capacity for Implementation and Sustainability | ● Substantial | ● Substantial |
| Fiduciary | ● Substantial | ● Substantial |
| Environment and Social | ● Moderate | ● Moderate |
| Stakeholders | ● Substantial | ● Substantial |
| Other | ● Substantial | ● Substantial |
| Overall | ● Substantial | ● Substantial |

LEGAL COVENANTS – Burundi Digital Foundations Project (P176396)

| Loan/Credit/TF | Description | Status | Action |
|----------------|---|-------------------------|---------|
| IDA-E0930 | Schedule 2 Section I A 3 of the Financing Agreement: The Recipient shall hire no later than one (1) month after the Effective Date: one social specialist, one environmental specialist, one gender specialist; and no later than three (3) month after the Effective Date: one accountant and one accounting assistant, one assistant procurement specialist, one monitoring and | Partially complied with | Revised |



| | | | |
|-----------|--|---------------|-----------|
| | evaluation specialist, one communications specialist, and two technical specialists on digital infrastructure and digital government; all with qualifications, experience, and terms of reference acceptable to the Association. | | |
| Proposed | Schedule 2 Section I A 3 of the Financing Agreement: the Recipient shall hire (A) not later than two (2) months after the Effective Date: one social, gender-based violence and gender specialist; and (B) not later than three (3) months after the Effective Date: one deputy coordinator in charge of public financial management, one accounting assistant, one assistant procurement specialist, one communications specialist, one technical specialists on digital infrastructure and one additional senior procurement specialist; | Not yet due | |
| IDA-E0930 | Schedule 2 Section I F 7 of the Financing Agreement: The Recipient shall, not later than three (3) months after the Effective Date, or any other such date agreed by the Association, prepare, consult upon, adopt and disclose the EWHMMP (E-Waste and Hazardous Material Management Plan) in form and substance satisfactory to the Association. | Expected soon | No Change |

LEGAL COVENANTS – Additional Financing to the Burundi Digital Foundations Project - Modernization of Public Financial Management (P180987)

Sections and Description

No later than one (1) month after Effective Date, the Recipient shall update, in accordance with terms of reference acceptable to the Association, the Project implementation manual, containing detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) Project budgeting, disbursement and financial management; (c) procurement; (d) monitoring, evaluation, reporting and communication; (e) environmental and social management; and (f) such other administrative, financial, technical, institutional and organizational arrangements and procedures as shall be required for the Project.

No later than two (2) years after Effective Date and before conducting the roll out of the biometric census and ID system under Part 2.4 (f) (i) (A) of the Project, the Recipient shall develop a data protection legal framework and



establish and operationalize an independent data protection authority.

Conditions

| Type | Financing source | Description |
|--------------|------------------|--|
| Disbursement | IBRD/IDA | No withdrawal shall be made for payments under Category (2) until and unless the Association has received the TA Manual, in form and substance satisfactory to the Association |



VIII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Burundi

Additional Financing to the Burundi Digital Foundations Project - Modernization of Public Financial Management

Project Development Objective(s)

To increase broadband internet access, especially to underserved communities, and improve government’s capacity to manage resources more effectively and deliver public services digitally.

Project Development Objective Indicators by Objectives/ Outcomes

| Indicator Name | PBC | Baseline | End Target |
|--|------------|-----------------|-------------------|
| To increase broadband internet access, especially to underserved communities | | | |
| Broadband penetration rate: share of population with an active broadband internet subscription (mobile and fixed) (Percentage) | | 10.00 | 25.00 |
| Of which women (Percentage) | | 0.00 | 60.00 |
| Of which rural (Percentage) | | 0.00 | 60.00 |
| To improve government's capacity to deliver public services digitally | | | |
| Shared infrastructure and services operationalized by Government that enable digital public services delivery (Number) | | 0.00 | 8.00 |



Intermediate Results Indicators by Components

| Indicator Name | PBC | Baseline | End Target |
|---|-----|----------|---------------|
| 1: Digital Access and Inclusion | | | |
| Adoption of new gender-inclusive and climate-smart broadband strategy that will strengthen competition (Yes/No) | | No | Yes |
| Price of 1 GB of mobile data per month, as a percentage of GNI per capita (Percentage) | | 13.60 | 6.00 |
| Operationalization of an effective Quality of Service (QoS) monitoring system incl. a related consumer complaints mechanism (Yes/No) | | No | Yes |
| Beneficiaries receiving training in digital literacy to enable usage of basic digital devices and services under the project (Number) | | 0.00 | 150,000.00 |
| Of which persons with disabilities (Number) | | 0.00 | 3,000.00 |
| Number of women receiving training in digital literacy to enable usage of basic digital devices and services under the project (Number) | | 0.00 | 90,000.00 |
| Beneficiaries able to access a broadband compatible device through the project (Number) | | 0.00 | 150,000.00 |
| Of which persons with disabilities (Number) | | 0.00 | 3,000.00 |
| Number of women able to access a broadband compatible device through the project (Number) | | 0.00 | 90,000.00 |
| Broadband network coverage rate: share of population with mobile broadband network coverage. (Percentage) | | 25.00 | 40.00 |
| Rural provinces served by broadband networks with 40 percent or higher coverage of population (Number) | | 1.00 | 7.00 |
| Private sector investment mobilized under the project (Amount(USD)) | | 0.00 | 11,000,000.00 |



| Indicator Name | PBC | Baseline | End Target |
|---|-----|----------|--------------|
| 2: Digital Public Service Delivery Enablers | | | |
| Adoption of Government Enterprise Architecture and interoperability framework for Government IT infrastructure (Yes/No) | | No | Yes |
| Publication of a cybersecurity and cybercrime national strategy and roadmap (Yes/No) | | No | Yes |
| Publication of a Data Strategy and Action Plan (Yes/No) | | No | Yes |
| Data controllers and processors registered with the new Data Protection Authority (Number) | | 0.00 | 100.00 |
| Volume of digital payment transactions transmitted through the upgraded payments switch (Number) | | 0.00 | 1,500,000.00 |
| Civil servants trained in management or use of digital systems and infrastructure (Number) | | 0.00 | 500.00 |
| Of which women (Number) | | 0.00 | 300.00 |
| Quarterly visits on the Government e-services portal (Number) | | 0.00 | 15,000.00 |
| 3: Institutional Coordination & Project Management | | | |
| Grievances registered that receive an adequate response within 30 days (Percentage) | | 0.00 | 100.00 |



Monitoring & Evaluation Plan: PDO Indicators

| Indicator Name | Definition/Description | Frequency | Datasource | Methodology for Data Collection | Responsibility for Data Collection |
|---|--|-----------|------------|----------------------------------|------------------------------------|
| Broadband penetration rate: share of population with an active broadband internet subscription (mobile and fixed) | The penetration rate is defined as subscriptions per 100 people, based on fixed and mobile broadband internet subscriptions. Mobile broadband subscriptions include those on 3G, 4G, and above (if/when launched). EDGE and GPRS technologies are not included. Fixed broadband subscriptions include those on digital subscriber lines (DSL), fiber-to-the home/building, satellite broadband, terrestrial fixed wireless broadband, and other fixed wired-broadband networks. To be counted, subscriptions need to be active - e.g. SIM cards subscribed to broadband and that provided revenue to the operator within the last 90 days. | Quarterly | ARCT | Data is collected from operators | PIU |
| Of which women | | Quarterly | ARCT | Data from operators | PIU |



| | | | | | |
|---|---|-----------|---|--|-----|
| Of which rural | | Quarterly | ARCT | Data collected from operators | PIU |
| Shared infrastructure and services operationalized by Government that enable digital public services delivery | The number of shared infrastructure and services that are operationalized as a result of project interventions that are centralized, automated, and standardized and can be used by multiple MDAs. This will include items financed that are introduced and/or upgraded, including a new interoperability platform, PKI, SMS notification system, core banking payment system and payments switch, the NOC, the Isoko platform, cybersecurity and data protection services. | Annual | Surveys and project reports, administered by SETIC. | Data will be collected by the PIU, leveraging inputs from MDAs | PIU |

Monitoring & Evaluation Plan: Intermediate Results Indicators

| Indicator Name | Definition/Description | Frequency | Datasource | Methodology for Data Collection | Responsibility for Data Collection |
|--------------------------------------|------------------------|-----------|------------|---------------------------------|------------------------------------|
| Adoption of new gender-inclusive and | Relevant strategy for | Annual | Project | Data will be collected by | PIU |



| | | | | | |
|--|---|-----------|--|--|-----|
| climate-smart broadband strategy that will strengthen competition | broadband market development has been adopted by the Government. | | reporting and online verification. | PIU from the MINCOTIM | |
| Price of 1 GB of mobile data per month, as a percentage of GNI per capita | Price of 1 Gigabyte of mobile data, per month, expressed as a percentage of GNI per capita (in the previous year) | Annual | ITU ICT price baskets / ARCT | Data consolidated by PIU | PIU |
| Operationalization of an effective Quality of Service (QoS) monitoring system incl. a related consumer complaints mechanism | | Annual | Project reporting and online verification. | Reporting by PIU on activities delivered under the project | PIU |
| Beneficiaries receiving training in digital literacy to enable usage of basic digital devices and services under the project | Number of people enrolled in digital literacy programs, under the project. | Bi-annual | Field monitoring and project documents | Reporting by PIU on activities delivered under the project | PIU |
| Of which persons with disabilities | | Bi-Annual | Field monitoring and project documents | Reporting by PIU on activities delivered under the project | PIU |
| Number of women receiving training in digital literacy to enable usage of basic digital devices and services under the project | Number of women enrolled in digital literacy programs, under the project. | Bi-annual | Field monitoring and project documents | Reporting by PIU on activities delivered under the project | PIU |
| Beneficiaries able to access a broadband compatible device through the project | The number of individual beneficiaries from underserved communities | Bi-Annual | Field monitoring and project | Reporting by PIU on activities delivered under the project | PIU |



| | | | | | |
|---|--|-------------|--|--|-----|
| | and strategic sectors (such as education) that are able to access devices that are broadband compatible (including smart phones, tablets, laptops and desktops) which were either partly or fully financed by the project. | | documents, using sign-in sheets to track usage. | | |
| Of which persons with disabilities | | Bi-Annual | Field monitoring and project documents, using sign-in sheet to track usage. | Reporting by PIU on activities delivered under the project | PIU |
| Number of women able to access a broadband compatible device through the project | Number of individual female beneficiaries able to access a broadband compatible device (including smart phones, tablets, laptops and desktops) partly or fully financed by the project. | Bi-Annual | Field monitoring and project documents, using sign-in sheets to track usage. | Reporting by PIU on activities delivered under the project | PIU |
| Broadband network coverage rate: share of population with mobile broadband network coverage. | This indicator measures 3G and above mobile network coverage of the population. | Quarterly | ARCT | Data collected from operators | PIU |
| Rural provinces served by broadband networks with 40 percent or higher coverage of population | | Bi-Annually | ARCT | Data will be collected from telecom operators by ARCT | PIU |



| | | | | | |
|--|---|-----------|--|---|-----|
| Private sector investment mobilized under the project | The value of private sector funding mobilized for investments in the broadband rural access scheme. | Annual | Project reporting | Reporting by PIU on activities delivered under the project | PIU |
| Adoption of Government Enterprise Architecture and interoperability framework for Government IT infrastructure | Government Enterprise Architecture and interoperability framework for Government IT infrastructure have been adopted by the Government. | Annual | Project reporting and online verification. | Data will be collected by PIU from the MINCOTIM | PIU |
| Publication of a cybersecurity and cybercrime national strategy and roadmap | The documents and related standards have been published in a format that is readily available to the public and industry e.g. on a relevant government website. | Annual | Project reporting and online verification. | Reporting by PIU on activities delivered under the project | PIU |
| Publication of a Data Strategy and Action Plan | A data strategy and action plan has been published in a format that is readily available to the public and industry e.g. on a relevant government website. | Annual | Project reporting and online verification. | Reporting by PIU on activities delivered under the project | PIU |
| Data controllers and processors registered with the new Data Protection Authority | The number of data controllers and processors that are registered with the new Data Protection Authority – e.g. using a new digital registry | Bi-annual | Data Protection Authority | Information collected by PIU from the Data Protection Authority | PIU |



| | | | | | |
|---|--|-----------|----------------------------------|---|-----|
| Volume of digital payment transactions transmitted through the upgraded payments switch | The unique number of digital payments transactions made per quarter. | Quarterly | BRB | Information collected from FSP and shared with the ARCT and PIU | PIU |
| Civil servants trained in management or use of digital systems and infrastructure | The number of public officials or government employees trained under the project, to help address regulatory and legal constraints to the development, management and use of digital systems and infrastructure. This also includes training in cybersecurity and data protection, and flagship e-service use-cases. | Bi-annual | Monitoring and project documents | Reporting by PIU on activities delivered under the project | PIU |
| Of which women | | Bi-annual | Monitoring and project documents | Reporting by PIU on activities delivered under the project | PIU |
| Quarterly visits on the Government e-services portal | Number of unique visitors counted through website analytics on the Government's e-services portal, based on quarterly usage figures. | Quarterly | Analytics from the portal | PIU will collect the data from SETIC. | PIU |
| Grievances registered that receive an adequate response within 30 days | Percentage of grievances received during the life of the project and addressed within a time period of 30 | Annual | PIU | Monitoring of date of receipt and date of formal response | PIU |



| | | | | | |
|--|---|--|--|--|--|
| | days, including response to citizen feedback. | | | | |
| | | | | | |



ANNEX 1: REVISED IMPLEMENTATION ARRANGEMENTS AND SUPPORT PLAN

- 1. Minor revisions to the project implementation arrangements will be made to ensure the AF activities will be adequately supported and monitored.** The arrangements will build on the existing SETIC-PIU and governance bodies, specifically the steering committee and the technical committee. The World Bank will continue providing hands-on implementation support on technical issues and on World Bank procedures and will continue conducting Implementation Support Missions at least twice a year.
- 2. The SETIC-PIU will be reinforced with additional technical and fiduciary staff and the PIM will be updated.** Additional staff will be recruited to support the PIU, including a Deputy Coordinator in charge of PF to be based in the MFBPE, and Procurement Specialists to accommodate the increased workload and risk. Consultants and other fiduciary staff as needed will be contracted to oversee the rehabilitation of the PAFEN site.
- 3. The governance bodies will be expanded to cover AF areas of activity.** The Project Steering Committee (PSC) will continue to provide strategic project oversight under the leadership of the Prime Minister's office. The Technical Committee (TC) will provide technical and operational support as well as oversight of the PIU. The Project Steering Committee and Technical Committee will also be expanded to include an ARMP representative. The TC will provide advice and recommendations for PSC considerations as needed.
- 4. Financial Management.** The FM assessment of the AF activities concluded that FM risk remains Substantial as the SETIC-PIU limited experience. The following mitigation measures will be implemented: (a) World Bank-approved update of the existing PIM with acceptable FM procedures; (b) complete the recruitment of qualified FM staff to reinforce SETIC's FM team; (c) update the computerized accounting system to include the additional financing; and (d) continue the training/coaching of new PIU FM staff on World Bank FM procedures.
- 5. Disbursements and funds flow arrangements.** Proceeds of the AF grant will be used by the project in accordance with the Grant Agreement between the World Bank and the GoB and the Disbursement and Financial Information Letter. A Designated Account has been opened at the BRB. Replenishments to the DA will be made against withdrawal applications supported by Statement of Expenditures. The DA ceiling is established considering the level of cash involved in the project. Report-based disbursement could also be considered, provided that some conditions are met. Other methods of fund disbursement (reimbursement, direct payment, and special commitment) will also be available to the project.
- 6. Procurement.** A Procurement capacity assessment of the SETIC-PIU Implementing Agency was carried out since the fiduciary team will have responsibility for the AF procurement activities. The Implementing Agency has a Senior Procurement Specialist among its core staff who has already worked on other projects financed by the World Bank. The Procurement Specialist has the right skills and good procurement knowledge and experience. With the added responsibilities, it is important to reinforce the team with additional staff and means. The main recommendation of the capacity assessment to mitigate procurement risks are (i) to strengthen the fiduciary team by hiring at least one qualified Senior Procurement Specialist as well as Junior Procurement Specialists as needed, and (ii) to update the PIM for AF-related procurement. Following implementation of the actions, residual risk is rated Moderate.
- 7. Project Procurement strategy for development (PPSD):** The recipient has updated the PPSD to



include AF activities. The PPSD provides the basis and justifications for procurement approaches and decisions including market analysis and selection methods and includes an 18-month Procurement Plan. The PPSD reviews the experience and capacity of all the parties involved in procurement activities required by the Project. Any updates of the Procurement plan shall be submitted to the World Bank's approval. The Recipient shall use the World Bank's online procurement planning and tracking tools (STEP) to prepare, clear and update its Procurement Plans and conduct all procurement transactions.