

IDA at Work: Building Strong Institutions for Sustained Results



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Good governance and strong and accountable institutions are crucial for poverty reduction and development effectiveness. That is why the International Development Association (IDA) actively supports governments to become more transparent, more accountable to citizens, less susceptible to corruption, and better in delivering services. IDA, the World Bank's fund for the poorest, works with ministries, agencies and departments of the executive branch on managing public institutions and finances better, and on broader governance issues, including the legislative and judicial branches and other institutions that promote public accountability and greater engagement with society.

From improving people's access to the justice system in Honduras to removing "ghost" public workers in Malawi, an effective public sector means better services for the population and greater citizen participation.

Here are some examples of how IDA supports country efforts at building stronger institutions.

Country	Region	Achievements
Afghanistan	SAR	<p>Customs revenues increased significantly from \$50 million in 2003 to over \$1 billion in 2011.</p> <p>The number of customs declarations processed per customs staff increased from 3 per year in 2003 to 469 per year in 2011.</p>
Armenia	ECA	<p>An Electronic Document Management System (EDMS) was piloted in 2008 and rolled-out to the entire civil service system, including all ministries and 10 regional governors' offices. The EDMS saves time and resources, and improves work planning and performance management for civil servants. The system enabled faster processing of incoming correspondence within the entities by about 12 times. The communication within the government which once would last a full business day in Yerevan and about three business days with the regions, now takes a few seconds only. No courier or postal services are needed for communication anymore.</p>
Bolivia	LAC	<p>Institutional reform of the tax agency resulted in significant increases in internal revenue collections (from 4.9% of GDP in 1998 to 6.2% of GDP in 2006) and is being sustained.</p>
Cameroon	AFR	<p>Individual performance contracts have been signed by staff in the two largest customs offices, which led to a sharp decrease of port clearance time, with a 17 percent increase in the level of activity, and a 22 percent increase in revenues in the first quarter of 2011, over the comparable quarter in 2010.</p>
Central African Republic	AFR	<p>Budget execution reports for 2010, were released publicly through the Ministry of Finance website.</p>
Dominica	LAC	<p>Customs procedures were streamlined with customs declarations forms now requiring just one paper copy instead of four and cargo manifests now an electronic document.</p> <p>Customs clearing time was reduced from 7 days to 1 day, and number of days to process investments was reduced from 4 weeks to 2-3 weeks between 2006 and 2010.</p>
Ethiopia	AFR	<p>The tax base was broadened through a computerized Tax Identification Number (TIN) system. The number of businesses issued with TIN certificate increased from 15,611 in 2005 to 885,927.</p>
Georgia	ECA	<p>The concept of program based budgeting was adopted in the 2009 Budget Code and significant advances have been made since then, reaching all the way to the adoption by the Parliament of the 2012 Budget in the program format, including performance indicators developed by all line ministries.</p> <p>Important steps made to advance accounting reform, including adoption of the IPSAS implementation Plan in 2009, establishment of the Georgia Public Sector Accounting Standards Board in 2010, and piloting IPSAS based modified cash-basis public sector accounting standards in 2011. Thus, the grounds have been created for rolling out these accounting regulations to all public sector bodies, for the accounting period starting January 1, 2012.</p> <p>Tax payment system streamlined and personal interaction between taxpayers and tax officials reduced through the introduction of e-filing in 2009 and issuance of standardized procedural guidelines for tax offices. By 2011, 92 % of business tax returns used e-filing. By end 2011, a risk based tax audit system was introduced replacing discretionary and subjective selection of firms to be tax audited.</p> <p>Gradual implementation of a risk-based management system for customs clearance rewards traders with good records and accelerates procedures. By 2011 three quarters of customs transactions used the low-risk blue and green corridors, compared with 36% a year before.</p> <p>Georgia's continuous efforts to strengthen public financial management resulted in improved efficiency and effectiveness of budget planning and execution process.</p>
Ghana	AFR	<p>Through capacity building and dialogue with multiple stakeholders – including Government, Parliament, the Private Sector, Civil Society and local communities - the Extractive Industries Transparency Initiative (EITI) principles have been extended to the oil and gas sector with mandatory disclosure of oil and gas contracts by extractive companies, as well as an independent oversight committee to oversee implementation of Ghana's Petroleum Revenue Management Act of 2011.</p>
Grenada	LAC	<p>A National Investment Strategy adopted by the Cabinet contributed to reducing the number of days to process investment applications from 90 to 30 between 2008 and 2012.</p>
Honduras	LAC	<p>There are now operational Internal Audit Units under regulations established by the Supreme Audit Institution covering the entire Central Government. One hundred percent of Central Government expenditure is now included in the Single Treasury Account.</p> <p>Access to the courts has increased with some 40 percent of the population having had contact with justices of peace courts in the "poverty corridor".</p>

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India	SAR	<p>The Fiscal Responsibility legislation introduced in Karnataka, Andhra Pradesh and Tamil Nadu States during 2001-2004 is now nationally mandated for all states and the federal government. This has led to significant improvements in accountability at the sub-national level including:</p> <p>Introduction of double entry accounting system at the municipal level.</p> <p>Significant improvements in accountability at the Union level.</p>
Kenya	AFR	<p>The disparity between budget allocations and actual expenditures was reduced from 11 percent in 2004-2005 to 2.4 percent in 2010-2011.</p> <p>An integrated payroll and personnel database has been rolled out to all government ministries and nine semi-autonomous government agencies, improving accuracy in payroll management.</p> <p>The Performance Contract Department in the Office of the Prime Minister evaluates the performance of public agencies and issues public reports. Waiting times for passports have been reduced from 60 to 10 days, for national identification cards from 90 to 18 days and for the processing of business licenses from 30 to 1 day.</p> <p>Through automation of business processes, Kenya's Revenue Authority increased revenue collection from KSh 274.3 billion in 2005/06 to KSh 634.9 billion in 2010/11 - a revenue growth of 131 percent. Voluntary tax compliance improved from 88 percent in 2005 to 98.3 percent in 2011.</p>
Lao PDR	EAP	<p>Civil servants, including teachers and doctors, are now being paid on time via bank transfers. Previously, their monthly salaries could be delayed by more than five months.</p> <p>Through improved procurement planning and streamlining of payment processes, budget execution improved from 64-68 percent in 2004-2005 to 93-100 percent in the period 2006-2010.</p>
Liberia	AFR	<p>Revenues increased from \$85 million in FY05/06 to \$275 million in FY09/10.</p> <p>The percentage of value of non-competitive procurement has been substantially reduced from around 80 percent in 2008 to less than 30 percent as of 2009.</p> <p>Average difference between legislated budget allocation and actual expenditures by Ministry went down from 21 percent in 2006 to 9 percent in 2010.</p> <p>The accuracy of requests for payment made to the Ministry of Finance by other departments has improved significantly, so that the Ministry can now approve 95 percent of vouchers on receipt compared to 60 percent in 2006, with the average number of days to process payment vouchers down from 14 days in 2009 to 7 days in 2011.</p> <p>Liberia became the first African country to achieve compliant status with the Extractive Industries Transparency Initiative (EITI)</p>
Malawi	AFR	<p>Payroll control was strengthened, reducing discrepancies in the wage bill from 5 percent to 0.2 percent (2004/05-2010/11) including the removal of 4,878 ghost workers in 2011 alone from the payroll.</p>
Moldova	ECA	<p>Since 2008, all national public budget balances, except for some of donor financed activities, were consolidated at the single treasury account at the National Bank of Moldova. The coverage of the Treasury Single Account expanded from 15 percent in 2006 to about 90 percent of national public budget balances in 2011.</p>
Nepal	SAR	<p>Improved cash management within government: Over 12,000 (of 14,000) separate government bank accounts have been closed and the Single Treasury Account (TSA) reports, in real time, on the revenues and expenditures of government in 2012 (95 percent coverage of expenditure and 98 percent of revenue).</p> <p>The annual Audit Report by the Office of Auditor General (OAG) has been submitted to the President within 9 months since 2011. Until 2010, the audit report submission timeframe was 14 months.</p> <p>Electronic bidding in the Department of Roads first introduced in 2007 has been extended to other line ministries in 2012 - any procurement over Rs 2 million (approximately \$23,000) has to be under e-bidding.</p> <p>Transparency in delivery of cash transfers and safety nets was improved in 2010: Conflict victims (16,000 plus families) received state assistance through bank accounts.</p>

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Nicaragua	LAC	<p>Between 2004 and 2009, 13,000 civil servants in the Central Administration were accredited under the new Civil Service Law, contributing to the continuing professionalization of the workforce.</p> <p>A medium-term expenditure framework was introduced, and Public Financial Management (PFM) Law 550 was implemented in 2005, legally establishing modern and internationally recognized PFM standards in Nicaragua.</p> <p>Freedom of Information offices were created in ministries to ensure compliance with the Freedom of Information Law passed in 2007.</p>
Niger	AFR	<p>The time to process payments to government suppliers was reduced from 33 days in 2004 to 7 days in 2012.</p> <p>The ratio of government payment arrears to total expenditure was reduced from 15 percent to 10 percent in 2011.</p>
Nigeria	AFR	<p>The number of registered taxpayers increased from 7,000 to 125,000 between 2008 and 2011 in Bauchi state, and from 30,000 to 100,000 in Kaduna State. The number of federally registered tax payers - corporate, SMEs and individuals - increased from 475,725 to 941,901 between 2009 and 2011.</p> <p>Tax collections in Bauchi state increased from Naira 1.2 billion in 2007 to 4.5 billion in 2011, and in Kaduna state collections increased from Naira 3.7 billion in 2007 to 9.2 billion in 2011.</p> <p>A procurement regulatory body was established at the federal level, following the enactment of the Federal Public Procurement Law in 2007.</p> <p>Following the enactment of the Financial Reporting Council Act in June 2011, the Financial Reporting Council has rolled out the International Financial Reporting Standards (IFRS) for publicly-listed companies as of January 2012.</p>
Pakistan	SAR	<p>Over 2 million new taxpayers were registered, bringing the total tax base to over 3.7 million.</p> <p>Over 2 million employees are now paid through the Government Financial Management Information System (FMIS), with timely payroll processing and strengthened controls. The FMIS ensured spending was aligned with budget availability. This significantly lowered the unreported extra-budgetary expenditure, while increasing transparency in loan and grant financed projects. Processing transactions through the FMIS bill tracking system reduced discretion of government officers over payment processing.</p> <p>Submission times for Annual Financial Statements and Audit Reports to the legislature were reduced from 23 months to 8 months, for all levels of governments (federal, provincial and district).</p> <p>PEFA ratings increased from "D+" to a "B", with audits at all tiers of the Government carried out in accordance with International Organisation of Supreme Audit Institutions (INTOSAI) standards.</p> <p>Annual financial statements of the federal, provincial and district governments were prepared and submitted to the auditors within 2 months of the close of the financial year. Previously the time period was about 12 months.</p>
Rwanda	AFR	<p>Between 2007 and 2011, national revenue collection increased by 94 percent (from 252.58 to 491.3 billion Rw. Francs) and registered taxpayers increased by 213 percent from 20,535 to 64,260.</p> <p>Percentage of budget agencies producing complete annual financial reports within stipulated time frames increased from 16 percent to 75 percent between 2008 and 2011.</p>
Sierra Leone	AFR	<p>Improved records and financial management: Public Financial Management was improved by adopting a modern regulatory framework based on the Government Budget and Accountability Act (2005) and Public Procurement Act (2004). The percentage of procurement transactions using open competition increased from approximately 49 to 73% between 2009 and 2011. The Integrated Financial Management Information System was implemented and rolled out to 11 ministries, departments and agencies, and the backlog in submission of annual financial statements to the Auditor General was addressed, and timely in-year accounting and financial reporting was achieved. The share of Ministerial Departments and Agencies that had dedicated procurement officers and functional procurement units increased from an estimated 20% (2008) to around 96% in 2011.</p> <p>Improved tax administration: The National Revenue Authority is required to take action to increase compliance with respect to timeliness of filing income tax returns. Compliance across all taxpayers was 19% in 2011. In 2012 the figure had risen to 45%.</p> <p>Management of the minerals sector: The Government of Sierra Leone has established a Online Repository of all mining and exploration license details and associated non-tax payments (broken down by license, company, mineral, date and tax/levy type) and launched it in January 2012.</p>

Country	Region	Achievements
Sri Lanka	SAR	<p>Significantly increased accountability and transparency in the use of public funds as evidenced by: (a) an increase in the percent of SOEs covered in the Auditor General's Annual Audit Report (from 50% in 2008 to 100% in 2011) and (b) improved timeliness of audits (whereas audits were often 2-4 years late in 2008, by 2012 the maximum delay is one year.)</p> <p>Accountability of Local Authorities in the North and East has increased as evidenced by an increase in the number of Local Authorities which prepare annual financial statements within three months of the end of the year (from 28 in 2010 to 67 in 2011).</p>
Tajikistan	ECA	<p>On September 1, 2011 the new Civil Service Wage Grid was extended to the entire Civil Service, including local governments, removing all non-transparent bonuses, linking pay to outside market compensation, and reconciling pay for similar jobs across government.</p> <p>In 2010, 2,514 vacancies in the civil service (below the political level positions) were filled through a competitive based recruitment process, representing 82 percent out of 3,065 vacancies filled. There was no competitive based recruitment system in place until 2006.</p> <p>The Civil Service Register, listing all approved posts, grades and their occupants, was automated and is now accessible by 47 government bodies.</p>
Tanzania	AFR	<p>Taxpayer awareness on tax education programs increased by 34 percent between 2006 and 2011.</p> <p>Percentage of VAT refunds made within one month increased from 62 percent in 2006 to 80 percent in 2011.</p> <p>The percentage of court cases outstanding for 2 years or longer fell from 70 percent in 2005 to 14 percent in 2011.</p>
Timor-Leste	EAP	<p>National Accounts covering the period 2004-2010 were published for the first time in 2012.</p> <p>Since the introduction of a budget calendar in 2009, the Budget (including three year fiscal forecasts) is routinely submitted to Parliament on time.</p> <p>Budget execution was strengthened and execution rates increased from 75 to 84 percent between 2005 and 2011 even while the budget increased from \$72 million (2005) to \$1,092 million (2011).</p> <p>Domestic tax collections increased from \$53 million (2008) to \$111 million (2011 projected), from 9.0 percent of non-oil GDP in 2009 to 10.4 percent in 2011.</p>
Vietnam	EAP	<p>The computerized Financial Management Information System nationwide operates in 2012, and is used for budget execution, accounting and fiscal reporting for the central and all 63 provinces and 700 districts.</p> <p>A transparent, progressive and stable mechanism was adopted for allocation of investment equalization transfers from the central government budget to the provinces.</p> <p>The reporting time needed for budget recording of concessional foreign financed project expenditure was reduced from 12 months in 2005 to 3 months in 2011.</p>
Yemen	MENA	<p>An Accounts and Financial Management Information System (AFMIS) was implemented in 2010 and rolled out to 17 ministries and 3 departments, leading to improved budget preparation and execution by 2012.</p> <p>A Loans and Grants Management Information System (LGMIS) was implemented in 2010 and rolled out to 23 Project Management Units (PMUs) by 2012. This reduced the lead time taken by line ministries for disbursements from 40 days to 8.5 days between 2010 and 2012.</p> <p>The Government Budget is now prepared using GFS economic, administrative and functional classifications, and published on the government website to obtain public feedback. This led to a 15-point increase (5th largest in the world) in the Open Budget Index (OBI) between 2008 and 2010.</p>

AFR: Africa

EAP: East Asia and the Pacific

ECA: Europe and Central Asia

LAC: Latin America and the Caribbean

MENA: Middle East and North Africa

SAR: South Asia

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The International Development Association (IDA) is the part of the World Bank that helps the world's poorest countries. Established in 1960, IDA aims to reduce poverty by providing interest-free loans (called "credits") and grants for programs that boost economic growth, reduce inequalities, and improve people's living conditions.

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