

Proposal prepared: April 10, 2005

Proposal for World Bank/UNDP Trust Fund Budget for Poverty and Social Impact Analysis

Name of Proposal: Improving Service Delivery for the Poor in DRC

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Total Amount Requested: \$75,000

A. Description of the policy reform for PSIA and rationale for selecting this reform

Country Background: After years of conflict in DRC, the Lusaka Accord was signed in July 1999, and a Global and Inclusive Accord involving all Congolese stakeholders and belligerents was approved in April 2003 in South Africa. A transitional government was established in June 2003 for a two year period. Economic growth became positive in 2002-03 and inflation has been reduced, but the country faces considerable challenges. These include preserving macroeconomic stability and accelerating growth in a context of consolidation of the peace and reunification process, deepening structural and sectoral reforms and applying them to the entire country, promoting an environment that is conducive to private-sector led growth, and combating widespread poverty and vulnerability among others through better service delivery. These challenges are recognized in the Interim Poverty Reduction Strategy Paper which is based on three pillars: (1) restoration of peace and good governance; (2) macroeconomic stabilization and the stimulation of pro-poor growth; and (3) promotion of community dynamics. Donors are aligned behind the Government's reform agenda as outlined in the I-PRSP, but a key priority for the Government is now to prepare its full PRSP by the end of the summer of 2005.

PSIA question: The third pillar of the I-PRSP – community dynamics – takes into consideration the fact that the people of DRC, faced with severe hardships, have developed survival mechanisms and structures in all aspects of life (including agriculture, nutrition, human rights, health, education, and transportation), virtually, in the absence of government intervention. The need to support local initiatives has led the Government to consider providing block grants to schools and health centers to cover some of the recurrent costs of operation of these facilities, thereby hopefully reducing the burden that cost recovery imposes on the poor. There is already an agreement towards providing lump sum transfers of about US\$60 per school per month in the area of education, and something similar could be done for health. However, it would help the Government and line Ministries if alternative designs could be thought through, so as to increase the potential positive impact on service delivery for the poor of such mechanisms, and establish transparency in the allocations so that the risks of corruption are minimized. The objective of this PSIA proposal is therefore to a) assess the state of service delivery at the local level in DRC in order to inform the preparation of the full PRSP, which should be completed by the end of the summer or early in the fall of 2005; and b) propose measures to strengthen service delivery for the poor, in line with current suggestions of grants to schools and health centers mentioned above.

B. Operational instrument to which PSIA would be linked (CAS, CEM, PRSC, PA, PER, etc.) and its TTL

This task is linked to a joint Institutional Governance Review and Poverty Assessment prepared at the World Bank for DRC by Helene Grandvoinet and Quentin Wodon. The work to be funded here centers on the empirical analysis of a 2004 quasi-national survey of users of services in the areas of education, health, and justice, and the integration of the findings from this analysis with qualitative field work conducted among others through focus groups and other techniques.

Box: Potential questions for the integrated Institutional Governance and Poverty Report (only a subset of these questions will be analyzed in details under this PSIA)

Organization and management of services: Are services in education, health and justice rendered in a transparent and efficient manner? Are there any service standards for the delivery of services? Is the distribution of roles and responsibilities at the different service delivery levels clear? Is there a basic accountability framework (who is reporting to whom on what basis) and a basic monitoring system to evaluate efficiency of services? Do households have a voice in organization and provision of services? At what organizational level is service delivery perceived to be most effective? Is decentralization seen as an instrument to improve efficiency of public services? What are the relationships between the territorial administration and the sector units at the local level? What is the role of the various levels of territorial administration and their potential utility as regards service delivery? According to the surveys are there any “role models” who have organized services in an effective manner? What are positive examples of service delivery? Are there regional differences with regard to the management of services?

Financing of services: From what sources are services in education, health and justice financed? Are service providers able to raise own revenue and to keep the revenue they generated? Does the budget set aside sufficient resources (financial, human) for the delivery of services in the three sectors? Is the budget sufficient to operate and maintain public services? Do budgetary transfers from the national level reach the service providers in a timely and transparent manner? Are civil servants/consultants paid in a timely manner? Do these payments constitute a living wage? Is public financial management capacity sufficient at the service delivery levels? Are the resources available to the services providers transparent to the users? Are there regional imbalances with regard to financing of public services?

Access to services: What does access to services mean? (i.e. cost, distance)? Do current cost of services pose problems for a majority of the households? Does the weak infrastructure and the long distances to overcome negatively impact adequate access to services? Are security concerns seen as a key hurdle to access public services? Do low income households have equal access to public services? Are there significant regional imbalances concerning the availability of services between urban centers and rural areas?

Quality of services: How do households rate the quality of services in health, education and justice? Is there a system to measure quality of public services? Is decentralization seen as an instrument to improve quality and quantity of public services? Is the quality of services uneven between provinces, between urban and rural areas? Does wide-spread corruption negatively impact the efficiency of service delivery? Are low income household particularly vulnerable to corrupt practices? Are there differences between private sector and public sector service provision: is private sector service delivery perceived to be more effective? How do household look at the role of service provider organizations (NGOs, churches)?

C. Description of proposed analytical work

a. Data, methodology, tools. Most of the effort will be devoted to the empirical analysis of the 2004 (quasi nationally representative) survey of users of a range of services in education, health, and justice. The survey questionnaires are very rich in terms of the perceptions of users, their satisfaction with existing services, the cost for them to use the services, and their ideas for improving such services. The objective will be to conduct 3 types of estimation. First, simple tabulations will be prepared on a range of questions to assess differences in responses between urban and rural areas, between provinces, and between quintiles of wealth (as estimated using a factorial analysis of assets owned by households). Second, to the extent feasible, the determinants of the demand for services, and the satisfaction of users, will be estimated using categorical regression techniques. Importantly, the findings from the quantitative analysis will be combined with qualitative work done in the field to obtain a richer understanding of issues. Third, simulations will be carried to obtain some idea of the distributional properties of alternative transfer mechanisms to be used for channeling resources to schools and health centers.

b. Timeframe. It is essential that the first part of the work be conducted very rapidly in order to provide key results to the Government and respective line Ministries by June or July 2005, because this might then still give an opportunity for the Government to use the findings for the finalization of the PRSP. Indeed, these data are unique in the country, and have not been analyzed much to date. The simulations on alternative transfer mechanisms could perhaps be implemented a bit later, but still in time to inform the next Bank operation on these issues.

c. Plans, if any, to involve local agencies including UNDP and the Belgian Government (where the latter applies). The analysis will be co-funded by a Belgian trust fund managed at the World Bank (Belgian Partnership for Poverty Reduction). There are two main reasons for asking partial funding from the World Bank/United Nations PSIA fund. First, this will be an opportunity to engage United Nations colleagues more systematically in the discussion and dissemination of the results. Second, due to technical constraints at the World Bank (maximum number of days that consultants can work for the Bank in any given year), the persons who have conducted a preliminary empirical analysis of the survey and would be best placed to continue to do so under the present proposal cannot devote much time between now and the end of June 2005 to complete the analysis. Because we have a unique window of opportunity to conduct this important work in time for use in the finalization of the PRSP by the Government, complementary funding from the World Bank-United Nations PSIA funds will be very useful.

D. Planned activities to engage with national authorities and other national stakeholders (on selection of reform, choice of approach, dissemination of results, etc.)

Preliminary findings will be shared with Government counterparts before the end of June 2005, as part of the integrated Institutional Governance and Poverty Report prepared by the World Bank. A workshop will also be organized in June or July in order to present the results in the country, so that they can be taken into account in the finalization of the PRSP.

E. Deliverables of PSIA by end-FY (clarify whether these deliverables are additional, or inputs to other VPU outputs)

Approximately ½ of the funds will be used before June 2005 if procedures to prepare the contracts at the United Nations allow this. The second half of the funds will be used after July 2005. The integrated Institutional Governance and Poverty Report will be prepared by June. Additional background papers which will be more detailed will be finalized thereafter (there will

be at least 4 background papers – one on education, one on health, one on access to justice, and one on alternative mechanisms for providing grants directly to schools and health centers).

F. Detailed Budget Table for PSIA

Activity	Cost (in USD)	of which:		
		Requested supplementary TF (World Bank-UN)	Matching BB funds (including staff time if applicable)	Other matching resources
Education analysis	25,000	10,000	5,000	10,000
Health Analysis	25,000	10,000	5,000	10,000
Justice analysis	25,000	10,000	5,000	10,000
Transfer mechanisms	40,000	25,000	5,000	10,000
Synthesis/translation	25,000	10,000	5,000	10,000
Workshop costs	25,000	10,000	5,000	10,000
Grand Total	165,000	75,000	30,000	60,000

Notes: Matching BB is available through staff time for preparation of integrated IGR-PA. Other matching resources for analytical work on service delivery for the poor will be funded under the Belgian Poverty Reduction Partnership program at the Bank. The cost for “transfer mechanisms” is higher than for the other elements because this will required more detailed institutional feasibility analysis. Potential consultants have already been identified to conduct the part of the work related to the empirical work using the household surveys, including Amadou Bassirou Diallo and Edward Creppy.