



## Major Change in Scope and Amount

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Project Number: 39601-02  
Technical Assistance Number: 6306  
December 2006

### TA 6306-REG: Mainstreaming Managing for Development Results (MfDR) in Support of Poverty Reduction in South Asia

1. The regional technical assistance (RETA) to support the mainstreaming of MfDR in selected DMCs in South Asia was approved by the President on 27 January 2006 for \$1,800,000 - financed on a grant basis by the Poverty Reduction Cooperation Fund (PRF). The purpose of the RETA is to assess and then strengthen capacity in Bangladesh, Nepal and Pakistan for results orientation, which will eventually enable development partners to rely more confidently on country systems for planning, strategy development, resource allocation, and accountability of development resources, thus allowing the delivery of more flexible and relevant forms of development assistance.
2. The expected outputs and key deliverables of this RETA are (i) MfDR readiness assessment, (ii) MfDR strategy and implementation plans, and (iii) MfDR mainstreamed under ADB-financed pilot initiatives.
3. The RETA has already produced valuable information on factors of importance for selecting individual organizations within the public sector with which ADB can work to jointly develop pragmatic assessments of the degree of alignment between the internal practices,

policies, structures and behaviors of these organizations with their external objectives. The RETA will then assist the management of participating organizations to move towards that alignment through identifying and moving towards filling organizational capacity gaps. The RETA has developed a model for an analysis of organization culture and change attitudes.

4. Having developed these valuable models and tools for assessing the technical and managerial readiness of a public sector organization to adopt MfDR through the implementation of RETA, SARD, in consultation with Sri Lanka Government, proposed to expand the scope of this RETA to apply the models in Sri Lanka so that ADB and other development partners can proceed with further efforts to develop, jointly with country counterparts, approaches to address gaps in the capacity of the public sector to better manage for results.

5. The change in scope covers TA-type interventions aimed at sustainable knowledge transfer in Sri Lanka. Sri Lanka and the three countries presently covered by this RETA have all produced, or are producing, a results-based CSP and can benefit from the establishment of sustainable capacities in their counterpart governments to also function on a results-based system. To make these systems sustainable now, local experts who are knowledgeable about government systems for budgeting, prioritization, monitoring and continuous assessment have been placed in the RMs of Bangladesh, Nepal, and Pakistan; they are now at a stage that can share their knowledge with Sri Lanka RM and Government.

6. The initiative intends to develop sustainable capacity in the public sector of Sri Lanka, to enable developing and adopting of results-based systems (budgetary, accounting, operational planning and prioritization, policy reform agendas, statistical and M&E systems, reporting mechanisms, and other systems), and bring up the host-country systems on MfDR to a level that can play an effective partnership role with ADB and other partners to reduce poverty in the region. At present, supportive systems and institutions that are aimed at achieving the national development objectives are either underdeveloped, or are mainly functioning based on technical and mechanical procedures with little attention to management aspects of development effectiveness, and the need to adopt modern change management models suitable to Sri Lanka's environment.

7. The assistance will enable the Government to conduct an assessment of both technical and change management aspects of its internal MfDR approaches, identify the gaps that exist, and develop an action plan to address those gaps. ADB's Resident Mission in Sri Lanka, while assisting the Government to conduct this assessment, will also build internal capacity on MfDR.

8. As a result of the change in scope, the RETA will require an increase in financing estimated at \$530,000, of which \$500,000 will be provided by the MfDR Cooperation Fund (MfDR-CF) administered by ADB while the balance of \$30,000 is expected to be contributed by the Government of Sri Lanka in costs for consultations with counterpart staff at different levels of government, office accommodation, utilities, and miscellaneous expenses.

9. The increase in TA amount will cover (i) additional inputs of 11 person months of international consultants and 24 person months of national consultant; (ii) additional international and local travel; (iii) workshops and conferences in Sri Lanka; and (iv) additional overheads. The RETA components will continue to be administered by ADB.

10. On 15 December 2006, the Vice President (Operations<sup>1</sup>), acting under the authority delegated to him by the President, has approved:

- (i) increasing the TA budget by \$500,000;
- (ii) ADB administering the portion of technical assistance not exceeding \$500,000 to be financed on a grant basis under the MfDR Cooperation Fund; and
- (iii) extension of TA completion date to 31 December 2008.

11. The Board is notified of this approval.