

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: PAHQ

TA No. and Name TA 4157- FIJ: Strengthening Public Sector Financial Governance		Amount Approved: \$460,000	
		Revised Amount: -	
Executing Agency: Ministry of Finance and Planning	Source of Funding: Japan Special Fund (JSF)	TA Amount Undisbursed \$76,154.15	TA Amount Utilized \$383,845.85
Date		Completion Date	
Approval 8 August 2003	Signing 24 Sep 2003	Fielding of Consultants October 2003	
			Original 31 Aug 2005
			Actual 30 March 2005
			Closing Date
			Original 31 Aug 2005
			Actual 31 July 2005
Description			
<p>The Fiji Island's Financial Management Reform (FMR) Project in 1998 led to the preparation and enactment of the Public Finance Management Act (PFMA) of 1999. The FMR is an important element of the public sector reform agenda and provided the Government with the conceptual and institutional framework to better implement its policies, and to deliver public goods and services more efficiently and effectively. After its enactment in March 1999, the PFMA was suspended in August 1999 following a change of government. ADB provided assistance to the then government to review the scope and implementation plan in late 1999. The review report emphasized the need for a revised FMR, taking into account the resources, capacity and risk management constraints. Recognizing the urgency of implementing the FMR, the newly elected Government in September 2001 approved a broad FMR implementation strategy. In view of the limited resources and technical expertise within the public sector, ADB provided assistance to the Government in this regard.</p>			
Objectives and Scope			
<p>The overall TA objective was to assist the Government in achieving improved utilization of public resources and government accountability. The TA was to assist the Government in (i) reviewing the PFMA, and make recommendations on major components of a revised bill; (ii) preparing a detailed implementation plan that focuses on government priorities, a realistic and sustainable timetable of system development, capacity building, and change management; (iii) assisting the implementation steering committee on an intermittent basis to monitor progress and recommend corrective actions as appropriate; and (iv) providing specific technical advice to the Ministry of Finance and Planning (MOFP) and the steering committee.</p>			
<p>The key outputs of the TA include (i) draft instructions for a revised financial management bill to underpin FMR; and (ii) a realistic and achievable implementation plan, taking into account the capacity and resource constraints of the MOFP and line agencies. In addition, the TA was to provide training materials in public sector financial management on modern concepts and principles appropriate to the Fiji Islands to achieve the Government's policy objectives. The introduction of the FMR was to reorient public officials from inputs to performance and results, which required a different approach to management and managerial accountability. It was important that the implementation plan remained flexible to account for progress and unavoidable delays. The transfer of financial management skills to local counterparts was critical to ensure sustainability of the FMR.</p>			
<p>The objectives and scope were relevant and appropriate. The participation of Government officials and other stakeholders was satisfactory.</p>			
Evaluation of Inputs			
<p>A total of 19 person-months inputs were envisaged for the project. The consultants were recruited on time and in accordance with requirements except that a systems consultant was recruited in place of a suitable systems accountant due to lack of qualified candidates. The consultants completed their inputs and the final report was received on time. The lead consultant, Public Sector Financial Management Specialist (11 person-months), prepared a framework to guide the FMR and its major components. The quality of his work was satisfactory. He also drafted instructions for the Financial Management (FM) Act which is considered a major output. Although the systems accountant (5 person-months) did not fully meet the expectations due to family problems, he was able to complete his work and continued as a selection member of the Financial Management Information System (FMIS). The training consultant (3 person-months) finalized the Training Strategy which served as a guide for training programs held by the FMR Unit. The consultant performed satisfactorily, but his knowledge in applying accrual accounting in government and linking it with performance budgeting and asset management should have been stronger. Overall, the executing agency (EA) was satisfied with the quality of inputs provided by the consultants.</p>			

The Government demonstrated its full commitment to financial management reforms and provided the necessary counterpart staff. However, many of the counterpart staff selected did not have adequate experience but were enthusiastic and committed, and were very keen to learn on the job. In addition, the Government committed adequate funding to implement a new FMIS which is an essential element of the FMR program. The commitment and assistance provided by ADB has been appreciated by the Government. The performance of ADB, the EA, and consultants was rated satisfactory.

Evaluation of Outputs

The TA resulted in the Cabinet approval of the FMR policy framework, which together with the FM Act, harmonized with the Public Enterprise Act and the Public Services Act. A steering committee chaired by the Chief Executive Officer (CEO), the MOFP, with 8 other CEOs, and the Auditor General as observer held 12 meetings. Three newsletters were published, FMR materials were posted on the website, and training programs were developed with course and guidance materials on the FM Act and Finance Instructions, accrual accounting, annual corporate plans, output costing, and internal control, etc. The training on the new FM Act and Finance Instructions commenced in late 2004, and is ongoing.

Two training databases were developed, installed, and application training provided. In addition, training materials on (i) corporate reporting, (ii) internal control, and (iii) medium-term expenditure framework have been developed.

Substantial amount of TA outputs have been produced in an efficient manner and the quality of TA outputs was satisfactory.

Overall Assessment and Rating

The TA was rated successful. The FM Act of 2004 was enacted in early 2005. The budgeting and reporting processes were changed from the conventional input cash accounting approach to an output-based accrual (commercial) model based on generally accepted accounting principles and practices.

Major Lessons Learned

It would have been more effective if follow up TA support was provided to ensure that the EA develops its capacity and human resources to fully implement the recommendations, particularly the FM Act of 2004. ADB should commit to such initiatives where there is commitment, and adequate staff and financial resources to successfully strengthen and sustain public sector governance.

Recommendations

While the groundwork has been laid for the FMR, its ongoing implementation is likely to continue until 2010. Sustaining a successful implementation of the FMR and related reforms will require building of in-house skills within the MOFP, as well as targeted external support in several key areas. ADB should regularly follow-up on the progress of FMR implementation with the Government, and if necessary further TA support should be provided to strengthen the public sector financial governance.

Prepared by Ophelia C. A. Iriberry Designation Sr. Programs Officer, PAOD