

## TECHNICAL ASSISTANCE COMPLETION REPORT

Division : PAHQ

TA No., Country and Name		Amount Approved: \$600,000	
TA 4789-FSM: Implementation of the Public Sector Capacity Building Roadmap		Revised Amount: \$600,000	
Executing Agency Department of Finance and Administration (DFA)	Source of Funding TASF	Amount Undisbursed: \$43,884.02	Amount Utilized: \$556,115.98
TA Approval Date: 16 May 2006	TA Signing Date: 18 May 2006	Fielding of First Consultants: 7 August 2006	TA Completion Date Original: 31 December 2007 Actual: 13 May 2008 Account Closing Date Original: 31 December 2007 Actual: 17 July 2008

### **Description**

In response to the prioritization of public sector capacity building in the Federated States of Micronesia (FSM) Sustainable Development Plan, the Asian Development Bank (ADB) provided technical assistance (TA) to the Government to prepare the Public Sector Capacity Building Road Map (the Road Map) in February 2006. This TA was to support implementation of the Road Map within both national and state governments.

### **Expected Impact, Outcome and Outputs**

The expected impact of the TA was sustained improvements in economic and public financial management of the national and four state governments in line with "Government Visions 2025" under the Road Map. The outcome of the TA, "enhanced capacity of the national and four state governments as indicated by achievement of short-term objectives stipulated in the Road Map" would directly contribute to the impact. The expected outputs of the TA comprised: (i) enhanced capacity to monitor and evaluate Road Map implementation; (ii) enhanced capacity to develop and commence staff training program; and (iii) enhanced capacity to manage human resources through developing and implementing four key human resource management (HRM) policies. Achievement of the outputs, outcome and impact were supported by the design, scope and terms of reference (TOR) of the consulting services.

### **Delivery of Inputs and Conduct of Activities**

The TOR provided for three international consultants intermittently for a total of 23 person-months, and one national consultant for 2.5 person-months intermittently. All were recruited through direct selection of a firm. The HRM Specialist fielded by the firm was unavailable for the full TA period and an additional HRM consultant was approved by ADB during implementation. The learning curve for the new consultant was not ideal. The performance of consultants as measured in the performance evaluation reports resulted in one rating of excellent, three satisfactory and one generally satisfactory. The productivity of consultant input was good with required quality outputs being produced and in some instances additional tasks being completed. The TA also supported the purchase of equipment (laptop computer, printer, scanner, camcorder, photocopier, and multimedia projector) to support TA implementation which has been retained by the EA (Division of Personnel, Department of Finance and Administration). There was good economy of inputs with effective use of consultant time being made in focused intermittent field visits. Structures were put in place to ensure national and state counterparts progressed TA activities in between consultant visits which made for cost effective use of consultant time.

The project purpose, terms of reference, and implementation arrangements were generally appropriate. The TA was formulated and implemented in close consultation with the key stakeholders in FSM at the national and state levels. The TA was strongly supported by FSM with the National Government appointing a Training Coordinator and appointing a National Roadmap Committee. Staff of the DFA Personnel Division took a close interest, and indeed participated, in many of the TA activities. A change of administration in Chuuk and Yap States during TA implementation required additional efforts to generate understanding and buy-in from the new governments and also resulted in personnel movements and in Chuuk institutional restructuring at the end of the TA impacted on likely sustainability of some elements. The State Roadmap Committees did not eventuate in their initially devised form. The TA was regularly reviewed by ADB with two review missions during the 18 month period of implementation and frequent email, telephone and in-person discussions with consultants. ADB's performance is assessed as satisfactory and that of the EA (DFA, Personnel Division) as highly satisfactory.

### **Evaluation of Outputs and Achievement of Outcome**

Key outputs identified in the design and monitoring framework were achieved as set out below. The small team of consultants working with a large group of counterparts made for efficient production of outputs, through a process which encouraged capacity building and ownership of the outputs. Performance targets, albeit not quality based, were largely met although this took longer than anticipated, largely due to changes in the on-the-ground situation.

Participatory workshops at the national level and in each state reviewed progress on government endorsed action plans (Roadmap I) in revenue management, expenditure management, and economic planning and statistics developed under TA 4258-FSM. Reviews against the monitoring and evaluation framework were prepared at the 6 month and one year points. Findings guided the inclusion of new and adjusted activities in the revised roadmap (Roadmap II). Roadmap II was approved by the Roadmap Steering Committee, but is yet to receive political endorsement in three states.

A National Training Coordinator (NTC) was appointed by the FSM Government and while the initial incumbent was promoted to a Departmental Secretary this post has been maintained beyond the implementation period of the TA. The NTC is, among others, responsible for monitoring implementation of training roadmaps. Roadmaps I and II were used to develop training plans, respectively for FY07 (for National and Pohnpei governments which had allocated capacity building funds for FY2007) and FY08 (for all five governments). These were of high quality and were realistic in their targets. This lack of financial commitment to capacity development constrained TA outputs. The FY08 national training plan has been fully funded while all states at least partially funded their FY08 training plans and continue to seek donor support for their full implementation. Roadmap Committee members and the National Training Coordinator were active advocates for funding. Implementation of the training plans is ongoing.

Quality HRM policies were developed covering Staff Work Planning and Performance Evaluation, Recruitment and Selection Policy, and Developing Position Descriptions. Analysis by the HRM specialist and counterparts determined National Training Coordinator would develop the Training Policy with mentoring by the HRM specialist and this was done. Remaining consultant resources were directed towards piloting implementation of these policies in sample government areas. This is considered an improvement on the initial TA design. Policy development and piloting was extremely participatory. National and state governments are yet to endorse the policies, though all state the intent to do so. This delay greatly limits the effectiveness of the outputs of this TA element. Organizational and personnel changes in Chuuk and Yap have limited the effectiveness of this TA component.

Due to very weak survey capacity at the national level and government guidance, only one client narrowly focused survey was conducted, instead of the two broad surveys initially planned. The survey focused on taxation services and identified areas where improvements in taxpayer services were required. This was used to guide the preparation of the taxation action plan within Roadmap II. The outcome was well received by both government and clients. A public workshop on taxpayer services further developed recommendations upon which the tax office is actively responding. This is considered a highly effective TA outcome and although costly and resource intensive, in its undertaking it provides a useful model with wider benefits in terms of promoting constructive and focused public-private dialogue.

The consultants submitted reports as stipulated in their contract. National level feedback has been highly supportive of all TA outputs, whereas feedback from states was more varied. The clients recognize their own actions will greatly influence the outcomes of the TA and additional efforts are required to promote sustainability. TA outputs were achieved in a timely manner and were scheduled to match the annual budget cycle points to allow for training. The extension to closing allowed the final consultant visit to better meet government needs.

#### **Overall Assessment and Rating**

The TA has clearly contributed to strengthened staff performance and policy focus within the National Division of Personnel, but less so at the state levels where staff are fewer in number and movement happens relatively frequently. The lack of follow through in implementation of policies has constrained the broader outcome intended. The client survey has supported the Taxation Office in its efforts to dialogue with clients and this outcome is being sustained. The roadmap review resulted in the allocation of greater funds to training activities within the focal areas which will have a sustained impact. The TA is therefore considered partially successful.

#### **Major Lessons**

In small countries the frequent movement of staff can undermine the sustainability of TA. While this TA made an effort to involve a large number of counterparts some elements were reliant for progression upon a single person and this has reduced sustainability in some states. Where policy is developed through a TA, efforts to educate political decision makers as to the benefits of the policy and hence support its adoption should be included in TA design. In FSM where states are vital in implementing activities getting their explicit buy-in and commitment to follow-through is essential to promoting sustainability of TA outputs. The highly participatory nature of this TA was one of its strengths, doing much to impart ownership and also capacity to counterparts.

#### **Recommendations and Follow-Up Actions**

The implementation of the human resources management policies developed under this TA and the use of the roadmaps should continue to be monitored at the national and state levels by ADB. While there has been interest from other core government areas for support in developing capacity building roadmaps an assessment of the sustained implementation of existing roadmaps and this should guide the decision regarding further assistance.