

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: PAHQ

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| TA No. and Name 3584-NAU: Strengthening the Ministry of Finance and Supporting the Bureau of Statistics | | | Amount Approved: \$300,000 | |
| | | | Revised Amount: - | |
| Executing Agency: Ministry of Finance | | Source of Funding: JSF | TA Amount Undisbursed \$245,375.00 | TA Amount Utilized \$54,625.00 |
| Date | | | Completion Date | |
| Approval 14 Dec 2000 | Signing 18 Dec 2000 | Fielding of Consultants 1 April 2001 | Original 31 July 2002 | Actual 31 December 2001 |
| | | | Account Closing Date | |
| | | | Original 31 August 2002 | Actual 30 April 2004 |
| Description | | | | |
| <p>During a review of the Nauru Financial and Fiscal Reform Program (FFRP) loan in late 1999, the Government underscored the need to reorganize the Ministry of Finance (MOF), to staff it with competent and qualified people, and train other staff. The Committee for Development Planning, comprised of Ministers and Chairpersons of major Government corporations, requested early implementation of the TA so that MOF would be in a stronger position to pursue the reform agenda and carry out its mandate. ADB and the Government agreed that strengthening the capacity of MOF and establishing proper standards for systems and procedures was central to the long-term objective of improving public finance management and accountability, leading to improved governance.</p> | | | | |
| Objectives and Scope | | | | |
| <p>The objective of the TA was to strengthen MOF's capacity in budgeting and financial management by streamlining and enhancing the institutional capacity of the Finance Department and the Bureau of Statistics (BOS). At the end of the TA, the Government was to have enhanced economic and financial data collection, compilation, and analysis, an appropriate and effective budgeting and financial management system, the institutional setting required to manage public finance, and trained staff to provide them.</p> <p>A key component of the TA was a comprehensive action plan for implementing changes to strengthen budgeting and financial management, which would include prioritizing, sequencing and setting of interim targets, and providing MOF with the capability to prepare multiyear budgets to support medium-term plans. The TA was to help provide on-the-job training to senior MOF staff, develop the methodology to improve MOF work efficiency and work flow, and effect other organizational changes as appropriate to attain desired results. The consultants were to conduct training seminars for MOF and BOS staff as well as accounting staff of other line ministries.</p> | | | | |
| Evaluation of Inputs | | | | |
| <p>Under the TA, a team of two specialists were to be engaged for a total of 12 person-months to assist the Government in strengthening its budgeting, financial management and statistics compilation through institutional and capacity development. A Financial Management Specialist/Team Leader (9 person-months) and a Statistics and National Account Expert (3 person-months) were to be recruited under the TA.</p> <p>There was a change of government during the course of the TA and the new government did not support continuation of economic reforms under the FFRP and the work of the TA. Only the Financial Management Specialist was recruited and his contract was not extended, by mutual consent. The Financial Management Specialist struggled to complete his terms of reference but without full support of the government of the day, the results of the assignment were greatly constrained. ADB repeatedly attempted without success to help government to return to a reform agenda and to additionally support the TA. The performance of the EA is rated as unsatisfactory. Allowing for the most difficult political circumstances, the performance of both the consultants and ADB is rated as satisfactory.</p> | | | | |
| Evaluation of Outputs | | | | |
| <p>The main output of the TA was the reports from the Financial Management Specialist that were all delivered on time and a draft budget for FY2002 produced in Government Financial Statistics (GFS) format and multi-year framework (FY2000-FY2002) provided to the Government. There were no outputs from the Statistics component of the TA as the consultant was never recruited. The new government, elected during the course of the TA, was not committed to the TA objectives. The consultant's outputs were acceptable to ADB. TA completion was delayed to allow time for ADB and the EA to discuss the need for continued assistance.</p> | | | | |

Overall Assessment and Rating

Given the new government's lack of commitment to the objectives of the TA, the TA could only be assessed as unsuccessful.

Major Lessons Learned

In agreement with the lessons learned from the FFRP PCR there is a need for prior, transparent, participatory and more careful assessment of the social and political feasibility, sustainability of reforms and consequent feasibility of providing assistance. A more participatory assessment of the means to sustaining both policy and institutional reform, and more careful preparation could, of course, lead to the conclusion that no reform program would be feasible under the existing government.

Recommendations and Follow-Up Actions

ADB has been waiting for government commitment to an economic reform agenda including associated institutional reform and strengthening. ADB is unable to provide technical assistance in these areas without proven prior commitment of government.

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