

TECHNICAL ASSISTANCE COMPLETION REPORT¹

Division: CWRD/TJRM

TA 4546-TAJ: Improving Aid Coordination and Portfolio Management			Amount Approved: \$500,000	
			Amount Revised: \$1,150,000	
Executing Agency: Office of the President, State Committee of Investments and State Property Management		Source of Funding: TASF, DFID (Government of United Kingdom)	Amount Undisbursed: \$121,612	Amount Utilized: \$1,028,388
TA Approval:	TA Signing	Fielding of First Consultant:	TA Completion Date Original: 28 February 2007	Actual: 30 September 2008
23 December 2004	6 May 2005	15 August 2005	Account Closing Date Original: 28 February 2007	Actual: 27 January 2009
Description (Background and Rationale)				
External assistance plays a critical role in Tajikistan. To improve the institutional structure and capacity of the Aid Coordination Unit (ACU) under the Office of the President of Tajikistan, the Asian Development Bank (ADB) provided the TA-3617: Improving Aid Coordination and External Debt Management in 2002. It was successfully completed in July 2004. However, the ACU still required further strengthening its capacity in terms of better technical staffing, improved budget support, reduced dependence on external support, and harmonized procedures to serve as the main agency for aid coordination. In view of this, the Government requested ADB for a follow-up technical assistance (TA) during the 2004 Country Programming Mission. The new TA, with the co-financing support from the United Kingdom's Department for International Development, started on 15 August 2005. Support thereafter continued for the ACU under the Office of the President under the Government of Tajikistan. Following a major restructuring and realignment of Government Ministries in December 2005, which created the State Committee for the Investment and State Property Management (SCI), the original ACU was transferred to the SCI.				
Expected Impact, Outcome and Outputs				
The TA was expected to improve overall aid effectiveness by strengthening the operational capacity and authority of ACU as the focal point for aid coordination, portfolio management, and harmonization. The TA's impact and outcome were expected to be achieved through the following planned outputs: (i) upgraded aid coordination management information system (MIS); (ii) harmonized processes and procedures across donors and government for program/project administration and implementation; (iii) upgraded skills of concerned staff of ACU, project Implementation Units (PIUs), and line ministries; and (iv) improvements in project implementation procedures.				
Delivery of Inputs and Conduct of Activities				
The TA design, including terms of reference for consultants, was considered as adequate in achieving the main goal of strengthening the institutional capacity of the Government to improve aid coordination and external debt management and develop a process of multi-year Public Investment Program.				
As part of the specific activities of the TA, it assisted in drafting a Decree on 'Rules to Attract, Use, Coordinate, and Monitor Foreign Aid in the Republic of Tajikistan'. Workshops on the Decree have been held and discussed within the SCI.				

¹ In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

A simplified accounting manual for use by PIUs was also prepared based on the financial management guidelines used by donors like ADB and World Bank. The manual was submitted to the Government for further use in future projects.

A portfolio performance monitoring system by key project activities for sustained information flow among stakeholders was also strengthened by the provision of IT support and the delivery and installation of new database and a website. Trainings were conducted in the use of the new Foreign Aid Report (FAR) and Development Partner Profile (DPP) system and web management. These activities allowed for a better coordination and report of development activities between the Government and development partners.

Farm debt resolution strategy (FDRS): One of the elements of the TA related to coordination of activities of international organizations, interdepartmental cooperation and implementation of joint actions of Government and donors, with an aim to moving towards sector-wide approaches. At the time of the TA implementation, ADB and other donors were working closely to support reforms in the agriculture sector and resolution of accumulated debt of cotton farms. ADB had taken the lead in donor coordination in assisting the Government in implementing the Farm Debt Resolution Strategy (FDRS) to address the farm debts' problem and accelerate reforms in the agriculture sector. Donors agreed to prepare an action plan for implementation of the FDRS. Given its lead role, ADB undertook the aid coordination task. To help with this task, the United Kingdom's Department for International Development agreed to provide \$650,000 to ADB to finance the cost of one international and one local consultant. The consultants were recruited and mobilized in January and June 2006, respectively, with a planned input of 48 person-months. In August 2007, the TA closing date was extended by 30 September 2008; accordingly the consultants' services were extended by 30 September 2008, with a total actual input of 57 person-months.

Evaluation of Outputs and Achievement of Outcome

The TA objective was achieved through the establishment of the SCI. With the advent of the SCI and the ACU within it, a stronger focal point for aid coordination was established with appropriate capability and authority for cross-agency coordination and better portfolio management. The systems are now in place and operating.

As to the upgraded management information system for aid coordination, the TA developed the required software, which is now used to provide annual, semi-annual and quarterly updates on the implementation status of loans, grants, and technical assistance provided by development partners to the Government of Tajikistan. This information allows the Government to plan its aid financing requirements to support the National Development Strategy and Poverty Reduction Strategy. One problem left to be addressed is the availability of well-trained staff to make the data entries for the FAR and DPP, and to write the economic analysis accompanying the reports. The TA has however helped facilitate an ongoing UNDP TA, which allowed training of additional technical staff. Additionally, with the new SCI website designed under TA, a broader range of users have been reached.

One of the main achievements of the FDRS component was the harmonization and alignment of donor understanding of the reform agenda required for the FDRS with the Government of Tajikistan through the development of the FDRS' Action Plan into a Roadmap for Agricultural Reforms, which was adopted by the Government on 5 March 2006, as Resolution No. 111. The Resolution aimed to provide freedom to the farmers to choose what crop they should cultivate; before the issuing of the Resolution, the Government virtually imposed what farmers should be cultivating, specially cotton. Farmers cultivating cotton were heavily indebted due to poor productivity and low prices. It was estimated that the accumulated debt up to 1 January 2008 was \$548 million. The TA contributed in designing the mechanism for the FDRS, and seeking consensus between the ADB, WB and the Government. A Donor Coordination Council's Agricultural Sector Group (DCC ASG) was created with the TA's support; the relationship with the DCC ASG and the SCI has become an effective mechanism for dialogue with the Government. The TA has also helped donors to develop a monitoring system for results expected under Resolution No. 111 and related reform programs. The TA team created and updated the donor matrix for Resolution No. 111 and was able to identify the gaps in funding as well as the initial sequence of priority reforms that are needed. The team worked closely with the donors to use existing programs to address the priorities and to develop future programs in better coordination.

Overall Assessment and Rating

The TA is rated as successful. The TA's main objective to assist the Government in improving aid coordination has been achieved by the establishment of the SCI with its own ACU. This SCI is much stronger and capable to coordinate and harmonize donors' assistance. The TA was also successful in providing support to the Government in finding alternatives for the farm debt resolution and supporting much-needed reforms in the agriculture sector.

Major Lessons

Prolonged and continuous dialogue with the Government was required to change the institutional mindset. The Government, while recognizing that the farms debt was a controversial and serious problem, took some time to take a more active approach towards its resolution with the support of the donors. The approach required a change in policies and institutions in the agriculture sector which takes time and needs human and financial resources for their implementation. It is in this aspect that donors' coordination becomes a key factor. It took time to get the Government fully on board but the patient efforts of keeping an open dialogue paid off. Now the Government is fully aware of the benefit of a coordinated aid program to support the sector reforms in agriculture, as well as in other sectors. The TA was valuable as it was able to (i) support the Government in improving its capacity to coordinate donors' aid, and (ii) organize within the donors' community a mechanism, i.e., the DCC ASG, through which a coordinated dialogue on the agricultural sector reform agenda with the Government was made possible.

Recommendations and Follow-Up Actions

It is recommended that donors should make a close and coordinated follow up with the Government on policy issues and the implementation plan for sector reforms, especially in the agriculture sector which is the one in need of urgent reforms. Concerning the implementation plan, it should have a timed prioritized set of activities with their corresponding costing and sources of financing. Dissemination and information workshops with donors, Government, and other stakeholders should be organized. It is also recommended that the SCI should be adequately staffed, and provided with financial resources to continuously train its ACU's staff. Finally, the software prepared under the TA should be periodically updated to incorporate new developments in the donors' support and coordination.

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