

## TECHNICAL ASSISTANCE COMPLETION REPORT

Division: PARD/PAHQ

<b>TA No. and Name</b> TA 3873-TON: Building a Performance-Based Public Service		<b>Amount Approved:</b> \$700,000															
		<b>Revised Amount:</b> 0															
<b>Executing Agency</b> The Prime Minister's Office	<b>Source of Funding:</b> TASF	<b>Amount Undisbursed</b> \$26,113.14	<b>Amount Utilized</b> \$673,886.86														
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<p><b>Description</b></p> <p>In May 2002, ADB approved a loan from its Asian Development Fund Resources to Tonga for the Economic and Public Sector Reform Program (EPSRP). The EPSRP consisted of fiscal and public service reform programs to maintain the macroeconomic stability and enhance private sector-led economic growth. The rationale behind the public service reform was twofold. First, wage and salary bill was large, constituting more than 50% of the Government's current expenditure. This crowded out essential expenditures for operation and maintenance. Second, all personnel management decisions in the public service rested with the Cabinet. The system was highly centralized, bureaucratic, and in conflict with the principles of good governance. The TA was approved in conjunction with the loan to support the Government with the implementation of the EPSRP public service reform program.</p> <p><b>Objectives and Scope</b></p> <p>The objective of the TA was to build a performance-oriented public service in order to improve service delivery to the general population and private sector. The roadmap was envisaged to establish the institutional framework for a performance oriented public service, and promote efficient and effective performance management through (i) facilitating the establishment of a public service commission; (ii) facilitating good governance practices and strengthening the planning, monitoring, and reporting capabilities of all ministries; (iii) establishing the central human resource management information system (HRMIS) to provide users with timely, accurate and relevant establishment information; (iv) introducing performance accountability for the Heads of Departments; (v) supporting the introduction of performance-oriented and merit-based remuneration policies and procedures; and (vi) assisting in the preparation of regulations and implementation guidelines for the new legislations under the EPSRP.</p> <p><b>Evaluation of Inputs</b></p> <p>Originally, the TA envisaged 28 person-months of individual international consulting services, including (i) a team leader/public service reform adviser (15 person-months), a HRMIS specialist (2 person-months), a public sector job evaluation/remuneration specialist (3 person-months), a strategic planning/ performance management specialist (4 person-months), a legal expert (2 person-months), and 2 person-months for others. Because of various implementation needs, the actual implementation, however, involved 33.8 person-months of consulting services, including 18.8 person-months from the team leader/public service reform adviser, 10.8 from the public sector job evaluation/remuneration specialist cum strategic planning/performance management specialist, and 4.2 from the HRMIS specialist. The legal services were rendered under TA 3705-TON: Economic and Public Sector Reform Program. The public service reform adviser facilitated the establishment of the Public Service Commission (PSC), development of public service personnel management and development policies, and development of the rightsizing strategy. The job evaluation/remuneration specialist assisted in evaluating and grading all positions in the public service, formulation of a merit-based remuneration policy, and development of corporate plan and performance agreement models. The HRMIS specialist advised on the development of human resource data base and its integration with the payroll system. The consultants also provided related training to the local counterpart staff. Their input provided strong support for the implementation of the public service reform program of the EPSRP and ensured that the policy measures were carried out.</p> <p><b>Evaluation of Outputs</b></p> <p>The TA has generated various institutional outputs, including:</p> <p>(i) <b>Establishment of PSC.</b> With the assistance of the TA, the Public Service Act was passed by the Legislative Assembly in November 2002 and became effective in April 2003. The Act established PSC and clearly defined its roles and functions. The major functions of PSC were to appoint, promote, confirm, discipline and dismiss employees and formulate salaries, allowances and other financial benefits for employees. The establishment of PSC let to decentralization of personnel management decisions from the Cabinet to PSC. Currently, PSC is in the process of further decentralizing responsibilities to ministries/departments.</p>																	

- (ii) **Introduction of performance orientation in the public service.** In July 2003, PSC placed all Heads of Departments under a 12 month employment contract, which was replaced with a two-year contract in July 2004. The contract included a performance agreement, specifying 8 key results areas. The performance of the Heads of Departments will be evaluated against the key results areas. Starting in October 2005, PSC will implement a performance-based appraisal system across the board in the public service.
- (iii) **Establishment of the HRMIS.** HRMIS was established in mid 2003. Full integration with the payroll system had been achieved. All government ministries/departments, except the Ministry of Marine and Ports and Palace Office, were connected to the system. PSC is in the process of integrating outer Islands employees to the system.
- (iv) **Completion of job grading and reclassification.** All government posts were evaluated and graded. A job classification and merit-based remuneration policy was approved by the Government. Reclassification and regrading of all Government posts with job descriptions and skill requirements were completed, and are in the process of approval by the Cabinet.
- (v) **Other institutional outputs.** Earlier public service rules and regulations were reviewed and amendments were proposed. Corporate plan and annual report models were developed. Related training was also provided.

The outputs were generally in line with the terms of reference.

**Overall Assessment and Rating--** successful

The TA provided required assistance for the implementation of the public service reforms of the EPSRP and has contributed to the fulfillment of the EPSRP's policy conditionality by the Government. It laid down the groundwork for the efficient and effective public service, introduced modern ideas, principles and values, and may lead to change in mind-set and work practices.

**Major Lessons Learned**

The successful completion of the TA illustrated the importance of the political will, leadership, participation by the Government and stakeholders, and close implementation supervision by ADB. Without the commitment from all, the reform would have failed.

It is important to build flexibility in such TAs so that changes in the consultants' inputs can be easily accommodated.

**Recommendations and Follow-Up Actions**

There is a need to monitor the implementation of the performance management system by PSC, as the manner in which it will carry out its human resource management mandate has a direct bearing on the quality of the civil service.

Prepared by     Cai Li     Designation     Project Specialist