



Technical Assistance Report

Project Number: 39011
December 2005

Technical Assistance Republic of the Maldives: Strengthening of Public Service Division

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 30 November 2005)

Currency Unit	–	rufiyaa (Rf)
Rf1.00	=	\$0.0700
\$1.00	=	Rf12.78

ABBREVIATIONS

ADB	–	Asian Development Bank
MOFT	–	Ministry of Finance and Treasury
MPU	–	Modernization and Planning Unit
PMS	–	performance management system
PSD	–	Public Service Division
PSTC	–	Public Service Training Center
TA	–	technical assistance

TECHNICAL ASSISTANCE CLASSIFICATION

Targeting Classification	–	General intervention
Sector	–	Law, economic management, and public policy
Subsector	–	National government administration
Theme	–	Governance and capacity development
Subtheme	–	Public governance and organizational development

NOTE

In this report, "\$" refers to US dollars.

Vice President	L. Jin, Operations Group 1
Director General	K. Senga, South Asia Department (SARD)
Director	R. Vokes, Operations Coordination Division , SARD
Team leader	M. Subroto, Country Programs Specialist, SARD

I. INTRODUCTION

1. This technical assistance (TA)¹ was originally included in the Country Strategy and Program 2002–2004 as advisory TA for 2004 to facilitate the introduction of a performance-based monitoring and evaluation system in the Government of the Maldives to improve its provision of high-quality public services. In September 2004, a brief capacity development assessment for the Public Service Division (PSD) was conducted by an Asian Development Bank (ADB) staff consultant.² As agreed with the Government, the proposed TA was later included in the Country Strategy and Program Update 2005–2006. The Fact-Finding Mission was conducted in September 2005, and TA was developed based on recommendations in the assessment report, as agreed with the Government. TA will assist in strengthening governance and improving the efficiency and quality of service delivery in the public sector. It will prepare a plan to establish a Government Public Service Training Center (PSTC) and help increase the knowledge and improve the skills of PSD staff members, as well as of staff members of selected ministries, in modern human resource management and organizational development concepts and processes. In addition, TA will prepare a strategic reform plan for performance-oriented public service. The TA design and monitoring framework is in Appendix 1.

II. ISSUES

2. The Government and government-owned companies (mainly in community, social, and personal services; manufacturing; hotels and restaurants; and fishing) are the largest employers in the Maldives.³ At the end of 2004, total public sector employment stood at 26,242, representing 12% of total labor force and showing an increase of about 8% over 2003, with the largest increase in the government service sector. About 25 percent of public service employees are scattered on some 199 islands.

3. PSD was established in 1999 as part of the President's Office and took over the work of the Employment Affairs Section of the President's Office and the National Office for Personnel and Administrative Reform. PSD's mandate is derived from the Presidential Reform Agenda 2004 and Vision 2020, charging it to institute reform priorities consistent with the principles of good governance and establish a performance- and results-oriented public service. This achievement will require a substantive and significant change to the work culture of the Maldives public service, with advisory and development support from internal and external human resource management and organizational development specialists. The successful achievement of this mandate depends upon a major investment in development and training programs, technical assistance in specialized areas of public sector reform, and a demonstrable commitment from executive officers of the public service and the Government to a substantive and well-planned management-change program.

4. PSD currently has seven units: (i) Human Resource Development and Training, (ii) Personnel, (iii) Public Service Policy, (iv) Information Systems, (v) Modernization and Planning, (vi) Research and Publications/Library and (vii) Administrative and Support Services. (Three further units are planned.) With only 30 staff members, PSD clearly lacks sufficient resources to service a large and widely scattered public service. Moreover, 17 of these staff members, including a director and a deputy director, are employed in the Personnel Unit, which inherited the administrative processes and procedures of the Employment Affairs Section in 1999. The

¹ The TA first appeared in *ADB Business Opportunities* on 28 September 2005.

² Ruhen, David. 2004. *Capacity Building Assessment of the Public Service Division*. ADB: Manila.

³ The other main employers are tourism and fisheries.

Modernization and Planning Unit (MPU) employs six staff members, including one director. This leaves other units of PSD badly understaffed.

5. Under the current rules of public service administration, Government offices are not subject to clear rules of accountability for performance. Internal processes of personnel management, such as recruitment, promotions, and transfers, are not open and transparent. Therefore, to implement its mandate, PSD needs new codes of civil service administration and personnel management, under which responsibility and accountability for performance are more clearly defined. An additional need is to strengthen the work ethic of Government employees and restructure the ministries to enable them to accept authority with accountability. Bureaucratic processes need to be simplified, and new measures need to be introduced to enhance public service efficiency and reduce the cost of running the Government. As the reform agent within Maldives' public sector, PSD will be expected to help ministries implement these reforms, but performing this task will first require substantial capacity development and strengthening of PSD.

6. The need for strengthening PSD was recognized in the sixth national development plan (2000–2005), which cited a need to strengthen and streamline PSD to modernize and improve the efficiency of public service delivery. The seventh national development plan (2006–2010), now under preparation, is expected to confirm the important role of PSD, especially after the latest Cabinet reshuffle in July and August 2005.

7. The core business of the reform agenda is largely the responsibility of both PSD's Human Resource Development Training Unit and MPU, which have conducted a number of workshops to familiarize public sector employees with the concepts of accountability and performance requirements typical of modern personnel management practices. These include strategic planning and designing appropriate action plans to achieve agreed objectives, as well as modern methods of performance appraisal. The unit recognizes that a number of ministries require support to implement the new procedures in their personnel management practices. A planning and performance appraisal specialist has mentored staff and provided interactive hands-on work with various ministries as needed.

8. Although staff members of MPU are qualified, capable, and highly motivated, their collective capacity to carry out the mandate of their unit over the whole of the public service is severely deficient. The unit's efforts to date have been well received, but the need is widely recognized to strengthen its capacity and capability to ensure that sufficient professional resources are available to help all the ministries implement personnel reforms and assess the effectiveness of various reform strategies. The scope of the proposed reforms is substantive and encompasses all of the recognized areas of human resource management and organization development. Related work demands on the resources of PSD and the ministries will be significant. At present, there is neither sufficient capacity nor appropriate capability in the ministries or PSD for the mandate to be successfully carried out. Advancing the reform agenda will require building the capacity and capability for reform in both PSD and the ministries. In this connection, PSD needs to develop a comprehensive strategic reform plan to guide reform coordinators as they carry out their roles in their agencies.

9. MPU will require access to a broad range of human resource management skills likely to include (i) performance management of organizations and individuals, (ii) remuneration rules, (iii) job classification and grading, (iv) workforce planning, (v) grievance management, (vi) performance appraisal, (vii) recruitment and selection, and (viii) training and development. The unit will also require organization development skills covering (i) organization design; (ii) job

analysis, design, and description; (iii) rightsizing; (iv) devolution; (v) organization performance assessment; (vi) comparative benchmarking; (vii) regulatory requirements; and (viii) strategic planning. Efficient use of limited resources for TA requires maximal use of domestic training conducted by foreign and domestic resource persons.

10. No training center exists within the public sector to meet the priority in-house training needs of the public service. New recruits into the public service in the Maldives are appointed with little or no work experience or training. Some such appointments are made at levels high enough to incorporate responsibility for the performance of others. A high-priority demand exists for a substantive PSTC as well as suitable training programs to equip inexperienced recruits and allow them to be effective upon entry into the service.

11. All of the points raised above illustrate the significant need for strengthening the capacity of PSD and the ministries to enable the implementation of the public sector reform agenda envisaged by the sixth national development plan. The proposed intervention at the organization level is the first step toward better service delivery. Further appropriate action linking the organizations and their frontline service providers will need to be undertaken by the Government.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

12. The longer-term impact of TA will be improved efficiency and quality of public service delivery that contributes to good governance. The main intended outcome is PSD personnel and trainers' improved human resource management and organizational development capacities. Specifically, TA will help PSD (i) develop a performance-oriented strategic reform plan, (ii) increase the knowledge and improve the skills of its staff, and the staff of ministries, regarding modern human resource management and organizational development concepts and processes, and (iii) prepare guidelines for establishing the PSTC and developing its curriculum.

B. Methodology and Key Activities

13. TA will be organized into three components:
- (i) Component 1 will develop
 - (a) a strategic reform plan for building a performance oriented public service,
 - (b) an activity-based, output-driven action plan to guide implementation of the strategic reform plan for building a performance-oriented public service, and
 - (c) a performance management system with particular emphasis on the link between individual and organizational performance and an appropriate reward system.
 - (ii) Component 2 will arrange and implement
 - (a) short-term (maximum 6 month) overseas training for PSD staff, especially including grievance management and job classification and grading, and
 - (b) in-country training courses in selected human resource management and organizational development skills for PSD and reform coordinators in ministries.
 - (iii) Component 3 will
 - (a) prepare a strategic plan to establish a viable and independent PSTC to service high-priority training needs within the public sector and,

- (b) based on consultations with concerned stakeholders, propose a detailed basic training curriculum for the center.

14. Ensuring acceptance from the wider public service will require that the ministries have significant input into the development of the strategic plan. Line ministries have to understand the integrated relationships between the outputs that are to be delivered at various stages of implementation. It is envisaged that capacity-developing activities in public services will be provided through local, short-term training of PSD and line ministry staff members and through systematic reviews and monitoring of PSD.

C. Cost and Financing

15. The total cost of TA is estimated at \$295,000 equivalent, comprising \$229,000 in foreign exchange and \$66,000 equivalent in local currency. ADB will finance \$250,000 equivalent, covering the entire foreign exchange cost and \$21,000 of the local currency cost. TA will be financed on a grant basis from ADB's TA funding program. The Government will finance the remaining \$45,000 equivalent mainly through contributions in-kind for office accommodation, counterpart support services, administrative and logistic support, and other services. The detailed cost estimates and financing plan are in Appendix 2.

D. Implementation Arrangements

16. The Ministry of Finance and Treasury will be the Executing Agency, and PSD will be the Implementing Agency. The Government's Members of the Network of Senior Government Officials will oversee TA implementation and resolve any issues related to policies, legislation, and coordinating international cooperation aid. PSD will appoint a focal point for TA to assume a supportive, coordinating, and facilitating role. It will coordinate and supervise TA activities and provide TA coordinators and counterpart staff with office space and facilities. PSD will be responsible for coordinating, directing, and monitoring the activities of consultants and counterpart staff, as well as for procuring equipment and/or training materials. It will ensure that equipment acquired under TA for training, workshops, and seminars will be available for use by consultants during TA. An equipment list will be prepared by PSD and consultants for ADB approval. The equipment will be procured in accordance with ADB's *Guidelines for Procurement* and turned over to PSD upon completion of TA.

17. TA is expected to be implemented over a period of 12 months, starting in March 2006 with fielding consultants, and completed before April 2007. The core activities that require consultants' input will be carried out over a 6-month period. Overseas studies and local training courses will be arranged to fit within a 1-year period with possible variations depending on the availability of courses selected.⁴ TA will engage two international consultants for a total of 5 person-months with expertise in (i) public service human resource management and organization development, and (ii) public service management and education. It will also engage one domestic consultant for a total 3 person-months with expertise in strategic management and education. The international and domestic consultants will be recruited through a firm and selected in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for the selection and engagement of consultants. The methodology and terms of reference for TA are specific and clearly identified. Hence, ADB's procedures for simplified technical proposals and quality- and cost-based selection will be used.

⁴ If possible, PSD staff selected for the external training will be included as resource persons during the domestic workshops and training.

18. The international consultants will work closely with PSD to develop the strategic reform plan, identify international training programs, and conduct local training programs for PSD and ministries staff. The list of training programs, training institutions, and staff members selected for international training will be submitted to ADB for approval before the proposed training programs are implemented. ADB will be responsible for (i) the general administration and supervision of TA, (ii) consultant selection and contract administration, and (iii) review and approval of international training programs. TA will be implemented in close coordination with line ministries and other funding agencies, especially the World Bank and United Nations agencies.

IV. THE PRESIDENT'S DECISION

19. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$250,000 on a grant basis to the Government of the Maldives for Strengthening of Public Service Division, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
Impact Effective contribution to good governance by enabling high-quality service delivery by PSD	<ul style="list-style-type: none"> • Effective and timely service delivery by PSD • Improved quality of coordination by PSD 	<ul style="list-style-type: none"> • PSD reports on their service activities • Reports from line ministries on PSD training and services 	Assumption PSD management and staff remain committed to improving their performance and service delivery.
Outcome Improved efficiency and quality of service delivery through improving PSD personnel and trainers' capacities in human resource management and organizational development	<ul style="list-style-type: none"> • Effective and efficient operation of PSD • Good networking among PSD and line ministries • Proper placement of staff in suitable posts • Proper operation of the PSTC 	<ul style="list-style-type: none"> • Quarterly progress reports on the status of project implementation • ADB review missions • TA midterm-, final-, and completion report 	Assumption <ul style="list-style-type: none"> • PSD and selected line ministries adopt the strategic plan and carry it out in their respective organizations.
Outputs 1. A strategic reform plan for a performance-oriented public service	A feasible and time-bound strategic reform plan is developed through participatory consultation with all stakeholders.	<ul style="list-style-type: none"> • Consultants' reports • PSD and line ministries' reports • ADB review missions 	Assumptions <ul style="list-style-type: none"> • PSD is committed to implementing the proposed performance-oriented strategic reform plan. • PSD staff are assigned appropriate functions and responsibilities.
2. PSD and selected ministry staff members acquire increased knowledge and improved skills in modern human resource management and organizational development concepts and processes.	<ul style="list-style-type: none"> • PSD service delivery improves, especially in grievance management and job classification and grading. • Concerned staff of selected line ministries have improved skills in human resource management and organizational development concepts and processes. 	<ul style="list-style-type: none"> • Consultants' reports • Quarterly progress report by PSD and line ministries • ADB review missions • Feedback from senior PSD and line ministry officials • TA completion report 	Assumptions <ul style="list-style-type: none"> • PSD and line ministries' staff members apply the knowledge and skills acquired to improve the efficiency and effectiveness of their service delivery. • Close coordination between staff of PSD and ministries
3. A plan for establishing the PSTC and its proposed curriculum	<ul style="list-style-type: none"> • Feasible PSTC plan including its organizational structure • Training curriculum and brief proposal for training materials 	<ul style="list-style-type: none"> • Consultants' reports • PSD's reports • ADB review missions • TA completion report 	Assumptions <ul style="list-style-type: none"> • The Government adopts the curriculum and implements the training programs. • Motivated participants are properly selected and retained in their respective organizations.
Activities with Milestones 1.0 Develop a strategic reform plan for building a performance-oriented public service. Milestone: a performance-oriented strategic reform plan is developed and adopted before the end of 2006.			Inputs ADB <ul style="list-style-type: none"> • Consulting services: international (5 person-months) and domestic (3 person-months)

<p>Activities with Milestones</p> <p>2.0 Develop an activity-based, output-driven action plan to guide implementation of the strategic plan to build a performance-oriented public service. Milestone: an output-driven action plan is developed and adopted for implementation by early 2007.</p> <p>3.0 Develop a performance management system with particular emphasis on individual and organizational performance and an appropriate reward system. Milestone: an efficiently operational performance management system is in place at PSD and selected line ministries by the end of 2007.</p> <p>3.1. Arrange and implement short-term (maximum 6 month) overseas training for PSD staff in grievance management and job classification and grading. Milestone: successful overseas training of selected PSD staff by the end of 2006.</p> <p>3.2. Arrange and conduct local training courses for PSD and ministries staff. Milestone: public service staff participate in successful local training courses by the end of 2006.</p> <p>3.4. Develop a strategic plan to establish a viable and independent PSTC to service the priority training needs within the public sector. Milestone: a feasible PSTC operational plan is developed. Milestone: PSTC strategic plan proposal by December 2006;</p> <p>3.5. Develop a brief training curriculum for the center. Milestone: an applicable and suitable proposed training curriculum is prepared. Milestone: PSTC training curriculum proposal by December 2006.</p>	<p>Inputs</p> <ul style="list-style-type: none"> • Equipment • Expenditures for developing training materials and purchasing commercially available training packages • Expenditures for study visits and international training, training seminars and workshops, and communications <p>Government</p> <ul style="list-style-type: none"> • Office accommodation and utilities • Suitable and sufficient counterpart staff • Expenditures for reports, workshops, communications, and local travel as required
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ADB = Asian Development Bank, PSD = Public Service Division, PSTC = Public Service Training Center, TA = technical assistance.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank (ADB) Financing^a			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	120.0	0.0	120.0
ii. Domestic Consultants	0.0	10.0	10.0
b. International and Local Travel	9.0	2.0	11.0
c. Reports and Communications	2.0	2.0	4.0
2. Seminars, Workshops, and Training	90.0	0.0	90.0
3. Miscellaneous Administration and Support Costs and Office Supplies	0.0	2.0	2.0
4. Communications	3.0	0.0	3.0
5. Contingencies	5.0	5.0	10.0
Subtotal (A)	229.0	21.0	250.0
B. Government Financing			
1. Office Accommodation and Transport	0.0	10.0	10.0
2. Remuneration and Per Diem of Counterpart Staff	0.0	20.0	20.0
3. Reports, Workshops, and Communications	0.0	5.0	5.0
4. Local Travel	0.0	2.0	2.0
5. Contingencies and Others	0.0	8.0	8.0
Subtotal (B)	0.0	45.0	45.0
Total	229.0	66.0	295.0

^a Financed by the ADB's TA funding program.
Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. Technical assistance (TA) to strengthen the Public Service Division (PSD) in the Republic of the Maldives will engage two international and one domestic consultants. All consultants are required to work as a team to effectively coordinate activities and achieve the objectives of TA.

A. Detailed Terms of Reference

1. Public Service Human Resource Management and Organizational Development Specialist/Team Leader (international, 3 person-months)

2. A consultant with expertise in the public service human resource management and organizational development will perform the following tasks:

- (i) Act as team leader and be responsible for and coordinate TA activities to help PSD strengthen and improve its efficiency and quality of service delivery by improving staff capacities for human resource management and organizational development.
- (ii) Review previous capacity-development reports prepared and related assistance provided to PSD staff.
- (iii) Coordinate and be responsible for preparing the strategic reform plan for a performance-oriented public service, including developing a performance management system (PMS).
- (iv) Consult with the Ministry of Finance and Treasury (MOFT), selected line ministries and other stakeholders to learn their views on the strategic reform plan and Public Service Training Center (PSTC). Ensure ownership from line ministries, especially regarding the strategic reform plan.
- (v) Prepare a training plan for PSD and line ministries to be implemented under TA to increase staff members' knowledge and improve their skills especially in modern human resource management and organizational development concepts and processes. Conduct domestic training and workshops on these topics for PSD and selected line ministry staff members.
- (vi) Coordinate and arrange international study visits no longer than 6 months and specialized training for PSD staff, and conduct training in those areas to meet the needs of PSD and selected line ministry staff members.
- (vii) Conduct and coordinate activities to prepare a plan to establish the PSTC, including its training curriculum, and discuss the organizational structure and working relationship of the PSTC with other stakeholders, especially MOFT, the Department of External Resources of the Ministry of Foreign Affairs, and the Maldives College of Higher Education.
- (viii) Explore the possibility of the PSTC being incorporated into existing post-secondary education institutions in the country, especially in the Faculty of Management and Computing of the Maldives College of Higher Education.
- (ix) Produce a final TA report in a form suitable for publication as an ADB document, including recommendations for further capacity development in PSD.

2. Public Service Human Resource Management and Training Specialist (international, 2 person-months)

3. A consultant with expertise in human resource management and capacity development for public services and administration will, in collaboration with other consultants and under the coordination of the team leader, perform the following tasks:

- (i) Undertake an initial job analysis to determine the key competencies and main target group within PSD and selected ministries.
- (ii) Analyze and identify the strengths and weaknesses of the existing structure, training programs, and modalities of PSD staff, and recommend to the team leader suitable training to be implemented.
- (iii) Develop a public sector PMS with particular emphasis on individual and organizational performance and an appropriate reward system.
- (iv) Review the training needs of selected line ministries to be included in domestic training courses and seminars, and recommend training programs and courses to be conducted under TA.
- (v) Prepare training materials and conduct in-country training courses and workshops.
- (vi) Analyze the strategic situation and conditions for establishing the PSTC, and prepare the first draft for its establishment, including a recommended curriculum.
- (vii) Carry out other duties and tasks as may be assigned by the team leader and PSD.
- (viii) Contribute to the preparation of the inception and final reports.

3. Strategic Management and Education Specialists (domestic, 1 person, 3 person-months total)

4. Under the coordination of the team leader and in collaboration with other consultants, one domestic consultant with expertise in organization management and education will be employed for a total of 3 person-months, which can be intermittent over a longer period as required during TA implementation, to undertake the following activities:

- (i) Contribute in all activities as required to strengthen and improve PSD and selected ministries' efficiency and quality of service delivery by improving the human resource management and organizational development capacities of their staff members.
- (ii) Participate in preparing the strategic reform plan for a performance-oriented public service, including its PMS, with particular emphasis on individual and organizational performance and an appropriate reward system. Compile information and data required to analyze the strengths and weaknesses of the staffs of PSD and selected line ministries.
- (iii) Contribute to reviews to identify suitable overseas and domestic training needs for PSD staff members, as well as suitable domestic training curricula for PSD and line ministry staff members.
- (iv) Be responsible for organizing and conducting domestic training courses and workshops.
- (v) Assist in the development of the PSTC and its initial consultations with other stakeholders.
- (vi) Carry out duties and tasks as may be assigned by the team leader and PSD, including in the preparation of the inception and final reports.