Regional: Strengthening Financial Management in Asia and the Pacific

Project Name: Strengthening Financial Management in Asia and the Pacific
Project Number: 48191-001
Country: Bangladesh, Cambodia, Fiji, Indonesia, Myanmar, Nepal, Pakistan, Samoa, Sri Lanka, Viet Nam
Project Status: Active
Project Type / Modality of Assistance: Technical Assistance
Source of Funding / Amount:
- TA 8740-REG: Strengthening Financial Management in Asia and the Pacific: Technical Assistance Special Fund US$ 730,000.00
- TA 8740-REG: Strengthening Financial Management in Asia and the Pacific (Supplementary): Technical Assistance Special Fund US$ 26,226.00
- TA 8740-REG: Strengthening Financial Management in Asia and the Pacific (Supplementary): Technical Assistance Special Fund US$ 450,000.00

Strategic Agendas:
Inclusive economic growth
Drivers of Change:
Governance and capacity development
Sector / Subsector:
Public sector management - Public expenditure and fiscal management
Gender Equity and Mainstreaming:
No gender elements
Description:
TA Description:
In pursuit of good governance in ADB’s operations, this technical assistance (TA) will support the enhancement of financial management capacity in the region. The TA will focus on three pillars supporting effective financial management: (i) the quality of project auditing by private audit professionals, (ii) financial management assessments of ADB-financed projects, and (iii) project financial reporting through application of the cash basis International Public Sector Accounting Standard (IPSAS). The TA will produce three outputs: (i) piloting quality assurance systems for PAOs, (ii) developing working papers on DMC financial management systems, and (iii) developing an e-Learning module on preparing project financial statements using the cash basis IPSAS.

Project Rationale and Linkage to Country/Regional Strategy:
a. Link to Country Partnership Strategy/ADB Strategy 2020:
Governance in public financial management and procurement is a common theme among ADB’s Country Partnership Strategies (CPS) with its developing member countries. While primarily focused in the public sector, the importance of good governance transcends both public and private sectors. This proposed R-CDTA is aligned with the principles of the CPS, and is consistent with ADB’s Strategy 2020 core area of operation, regional cooperation and integration. The proposed R-CDTA supports the two key drivers critical to the achievement of ADB’s strategic agenda: (i) good governance and capacity development, and (ii) knowledge solutions.

Impact:
Enhanced good governance and financial management in Asia and the Pacific

Summary of Environmental and Social Aspects
Environmental Aspects
A fact-finding mission was held on 13-14 August 2014 in Hanoi, Vietnam to discuss the objectives of Output 1 with CAPA which included: (i) identifying suitable PAOs for pilot implementation; (ii) agreement on the roles and responsibilities of ADB and CAPA; (iii) confirmation of the concept and scope of the component; and (iv) agreement on timetable and course of actions. A fact-finding mission for the other components was deemed not necessary.

During Project Design

The TA will produce three outputs: (i) piloting quality assurance systems for PAOs, (ii) developing working papers on DMC financial management systems, and (iii) developing an e-Learning module on preparing project financial statements using the cash-basis IPSAS. For Output 1, four PAOs, Cambodia, Samoa, Myanmar, and Nepal respectively, have been identified for pilot implementation. A study of the PAOs existing quality assurance systems has been completed in collaboration with CAPA, a good practice roadmap has been developed and four PAO audit QA systems roadmaps were developed and sent to the respective PAOs. National workshops are being held to promote the quality assurance roadmap and gain commitment from the PAOs. The Audit QA systems roadmaps identified several impediments to the operationalization of audit QA systems such as lack of or limited operational capacity, funding constraints, absence of operational policies and procedures and nascent regulatory frameworks and governance structures. Therefore, considerable support is required to implement the action plans set out in the roadmaps which may include funding of activities, selection and engagement of qualified staff, development of audit QA policies and regulations, and preparation of manuals and guidelines in order to fully achieve the objectives of the TA. During discussions, the PAOs have also expressed the need for technical and financial support to implement the developed roadmaps. Keeping in view the importance of operationalising the action plans contained in the roadmaps to ensure implementation of robust QA systems, ADB provides financing support for core activities with directly identifiable outputs. These activities will include: (i) assistance with the drafting of in-country by-laws to define the appropriate governance and institutional structure for well-functioning QA systems; (ii) preparation of operational procedures and audit manuals for QA for audit with proposed in-country audit monitoring procedures; (iii) assistance with selection of suitably qualified staff for operational QA unit and QA board; and (iv) on the ground training and mentoring. In Q2 2018 Asia Development Bank was included under Output 1 through SARAS unit under Ministry of Finance of Georgia. For Georgia, review of audit by-laws is 80% complete while review of operational procedures and audit manuals has been completed.

Output 2 relates to the development of working papers on the financial management systems of Bangladesh, Fiji, Indonesia, Myanmar, Nepal, Sri Lanka, and Viet Nam. The TA uses the Operational Knowledge Working Paper on the Funds Flow, Accounting, and Audit arrangements in India as a guide. The working papers are disseminated as a tool in conducting financial management assessments during project preparation. The initial set of 5 working papers (Fiji, Viet Nam, Indonesia, Sri Lanka and Bangladesh) is published on ADBs website and presented to the respective governments; the Nepal paper is being updated, and the initial draft of the Myanmar paper is undergoing internal review. Output 3 relates to the production of an e-Learning module that provides the requirements of the IPSAS Cash Basis Standards. The module uses an open-source software application that can be maintained by ADB to eliminate issues on proprietary rights and maintenance and is hosted on ADBs website accessible by all existing and potential executing and implementing agencies, other interested DMC staff including SARAS, and private auditors. A workshop held to launch and promote the e-Learning module. The development of an e-Learning module under Output 3 is completed. The IPSAS e-learning module is currently being updated to incorporate the revisions made to the standards. The TA will be dependent on the continuous cooperation and commitment of CAPA, the PAOs, and relevant DMC staff. ADB will closely coordinate with these institutions during implementation and will monitor activities of consultants to reduce the risk and ensure completion and delivery of outputs. ADB will be the executing agency, with PPFM acting as focal point and providing overall TA oversight and administration. PPFM works closely with CAPA and the Resident Missions who in turn will be coordinating and guiding the consultants.

Business Opportunities

Consulting Services

The TA will require a total of 48.5 person-months of intermittent consulting inputs from international and national consultants. Individual consultants have been engaged for all positions assigned to Output 2 to select the best combination of thematic experts in the shortest time. A consulting firm with expertise in auditing and has substantial knowledge and experience in the 4 selected DMCs has been engaged to deliver Output 1. A consulting firm that has technical expertise in accounting and software development has been engaged to deliver Output 3.

Responsible ADB Officer

Akmal Nartayev

Responsible ADB Department

PPFD

Responsible ADB Division

PPFM

Executing Agencies

Asian Development Bank

6 ADB Avenue,

Mandaluyong City 1550, Philippines

Timetable

Concept Clearance

03 Jul 2014

Fact Finding

13 Aug 2014 to 14 Aug 2014

MRM

- 

Approval

20 Oct 2014

Last Review Mission

- 

Last PDS Update

14 Sep 2018

TA 8740-REG

Financing Plan/TA Utilization

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ADB Cofinancing Counterpart Total

Gov

Beneficiaries

Project Sponsor

Others

1,206,226.00

0.00

0.00

0.00

0.00

1,206,226.00

20 Oct 2014

1,031,291.05
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