



Completion Report

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Federated States of Micronesia: Strengthening Public Sector Performance

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TECHNICAL ASSISTANCE COMPLETION REPORT

TA No., Country and Name TA 7213-FSM: Strengthening Public Sector Performance		Amount Approved: \$750,000	
		Revised Amount: N/A	
Executing Agency The Office of the Statistics, Budget Management, Overseas Development Assistance and Compact Management (SBOC)		Source of Funding Japan Special Fund	Amount Undisbursed: \$142,141.28 Amount Utilized: \$607,858.72.
TA Approval Date: 11 Dec. 2008	TA Signing Date: 24 Mar. 2009	Fielding of First Consultants: 3 Nov. 2009	TA Completion Date Original: 28 Feb. 2014 Actual: 31 Aug. 2015 Account Closing Date Original: 28 Feb. 2014 Actual: 31 Aug. 2015

Description: The Federated States of Micronesia (FSM), comprising four states (Yap, Chuuk, Pohnpei, and Kosrae), is a union of loosely federated states. Each state has its own constitution, elected legislature, governor, and maintains considerable power in public service provision. The country highly depends on external aid, in particular, financial support from the US under the compact agreement and US grants for major services such as education, health and infrastructure. Public service provision by the states has remained inefficiencies include: (i) limited financial resources for the states to finance the cost of public services; (ii) substitution of foreign assistance without efforts to raise domestic revenues; (iii) poor performance monitoring of state governments; and (iv) limited interest in policy change. In addition, adherence to traditional obligations for decision making and direct interventions by the legislature frequently weaken efforts by the executive branch to improve public sector performance. Cultural and political impediments continue to prevent the states from effectively managing staff performance. Ordinary people who have suffered from persistent low quality and shortfalls in public services feel disenfranchised by the government. The FSM government has highlighted the importance of improving public sector management as one of the strategic pillars of its Strategic Development Plan 2004–2023. This TA was prepared to improve public sector capacity to manage for results and increase accountability of the public sector for its performance in the provision of public services.

Expected Impact, Outcome and Outputs: The expected impact of the TA is to improve delivery of state level public services through an enhanced performance-oriented public sector. The expected outcome is to improve delivery of performance-based operational plans and budgets within selected state government departments. The expected outputs included: (i) a good governance and policy advisory program for implementation by the state legislatures to improve accountability and transparency in the legislative decision making processes; (ii) implementation of a state public sector senior management strengthening program that focuses on current and future change agents within senior management or leadership positions in state governments; and (iii) implementation of a public information and awareness program. Overall, the TA aimed to change mindset of key stakeholders for better public service provision.

Delivery of Inputs and Conduct of Activities: The TA was designed to be implemented over 60 months and finance up to 18.5 person-months of international consultants and up to 40 person-months of national consultants. The consultant positions included: (i) public sector management specialist (team leader); (ii) public sector training specialist; (iii) governance specialist; (iv) communication specialist; (v) public financial management specialist; (vi) communications advisor (national); and (vii) consultation and participation advisor (national).

For 2009–2011, eight individual consultants and one consulting firm (Chuuk Women’s Council) were mobilized to undertake the original assignments for the pilot study in Chuuk. The reports prepared by the consultants were discussed in several workshops. In 2012, an individual consultant was recruited as an advisor for general public sector management at the national level.

The TA completion date was extended to 30 November 2014 from the original date of 28 February 2014 for two consultants (public administration/institutional development expert and compensation expert) to support public administration reforms for improving overall public sector performance. The TA completion date was further extended to 31 August 2015 for further consultations and to deliver a final presentation on public administration reforms to the national government. The final reform plan, delivered and presented by the consultants, was discussed intensively with the national government.

Overall, consultants performed well despite the challenging assignments. However, some consultants were rated generally satisfactory mainly because of their technical limitations and inadequate communication with stakeholders, including state government officials.

Evaluation of Outputs and Achievement of Outcome: The TA produced a series of reports for the pilot state (Chuuk) and shared major findings with stakeholders in workshops and seminars. The activities under the TA contributed to better governance of the Chuuk Public Utility Corporation that has implemented series of reforms after a new board chairman was appointed. The public awareness campaign under the TA contributed to a transparent and merit based appointment of the chairman who implemented key reforms in the past few years.

However, despite the original plan, the TA was not rolled over to other states. Overall, the three outputs of the TA: (i) a good governance and policy advisory program for implementation by the state legislatures; (ii) implementation of a state public sector senior management strengthening program; and (iii) implementation of a public information and awareness program, were not achieved.

From the very beginning, the TA objectives to improve governance of state legislatures, make state government officials accountable, and improve public awareness of public sector performance, were challenging. It takes long time to change stakeholders' mindset and behaviors. Considering the challenging tasks, the TA might have targeted an implementation period of five years (from March 2009 to February 2014). However, since ADB project officers frequently changed, the TA was not implemented effectively by four different project officers. When the last project officer took over the TA in November 2013, there was only one contract with an individual consultant for general advisory services, and many previous contracts were not closed. This implies that project administration was not fully satisfactory.

The TA did, however, provide a significant support for the public administration reforms at the national level based on the achievements made under TA 8290-FSM: Public Administration Review of the National Government. The two consultants delivered comprehensive reform options for the national government for internal discussions to streamline the complicated job grading and pay structure. The national government is currently working to finalize the reforms based on the TA inputs.

Overall Assessment and Rating: The TA should have been designed based on a more realistic assessment of TA goals, and it could have been better managed through additional consultations with the government during implementation. The TA review missions should have been utilized to identify adjustments required for more effective implementation of the TA. Despite these issues, the TA helped improve public awareness of state government performance in Chuuk, and also contributed to public administration reforms at the national level. The TA can thus be assessed as partially successful.

Major Lessons: TA processing requires a careful assessment of the feasibility of TA goals, especially when TAs focus on sensitive areas such as governance reforms. A clear understanding of TA goals, objectives, and activities is required early at the processing stage. At the implementation stage, regular consultations with the government and consultants are required for effective TA implementation.

ADB needs to consider a long-term commitment, backed by appropriate resources, once it decides to intervene in governance reforms. In general, governance reforms are complicated and require a long-term commitment to change mindsets of key stakeholders including politicians, government officials, and even ordinary people. It must be recognized that changing long standing attitudes and behaviors is not an easy task, especially in countries like FSM where traditional culture continues to influence decision making by the government. Furthermore, ADB also needs to avoid any disruption of TA implementation due to frequent changes of project officers during TA implementation.

Recommendations and Follow-Up Actions: Based on the achievements made under this TA and TA 8290, ADB will continue to support the government's initiative of public administration reforms. The FSM COBP 2016–2018 places a high priority on technical support for public administration reforms, both at the national and state level, to support long-term fiscal sustainability. The outputs of this TA will be utilized as a basis for more effective interventions in public administration reforms. As a key development partner, ADB will continue its policy dialogue with the government to identify priority areas of public administration reforms, and appropriate approaches that can lead to sustainable reforms, both at the national and state levels.

TA = technical assistance.

Prepared by: Norio Usui

Designation and Division: Senior Public Management Economist, PAUS