

## TA COMPLETION REPORT

Division: Programs Department (East)  
Division II  
(Central Asia and Caucasus)  
Uzbekistan Resident Mission

<b>TA NO./NAME:</b> TA No. 3190-UZB: Improving Aid Coordination and Management Phase II				<b>TA AMOUNT APPROVED:</b> \$800,000	
<b>EXECUTING AGENCIES:</b> Department for Coordination of External Economic Activity (DCEEA), Cabinet of Ministers, and Department of Investment Programs, Ministry of Macroeconomics and Statistics (MMES)				<b>REVISED AMOUNT:</b> \$796,000	<b>SOURCE:</b> TASF
<b>DATE</b> <b>APPROVAL:</b> 4 May 1999				<b>TA AMOUNT UNDISBURSED:</b> \$154,937.57	<b>TA AMOUNT UTILIZED:</b> \$645,062.43
<b>SIGNING:</b> 28 May 1999				<b>CLOSING:</b> <b>ORIGINAL:</b>	<b>ACTUAL:</b> 30 September 2000
<b>FIELD:</b> 9 June 1999					

### TA DESCRIPTION

Effective aid management and Public Investment Programming (PIP) are key elements in a country's transition to a market economy as the country relies on substantial foreign aid. The Phase I TA (UZB-2771) focused on organizational diagnostics, and development of the main elements of an integrated planning, budgeting, and aid management system. It introduced standardized formats and procedures for reporting information and led to the publication of the first Foreign Aid Report and PIP documents. The logical planning sequence elaborated through the Planning System Framework and the publication of the Foreign Aid Report and PIP portraying the outputs of an effective planning process substantially enlightened the executing agencies. This heightened Government interest and a request for further assistance was received to address the weakness identified under the TA and, to build-on and expand the preliminary system.

Specifically, in aid management, the trial copy of software previously provided under UNDP assistance did not meet with the requirements. The difficulties were compounded by the closure of the organization that developed the software. Therefore the database needed to be substantially upgraded, reporting formats and procedures had to be revamped and brought in line with the upgraded program, and staff needed to be trained on these. Secondly, as the next stage in the Aid Cycle, the consultative process with donors needed to be initiated.

In PIP, the issues were: (i) since independence, development priorities were established through the ad-hoc issuance of decrees, which has made it difficult to reconcile priorities; (ii) poor performance in project implementation necessitates the need for a more efficient monitoring system; (iii) weakness at the provincial planning level is one of the main causes of poor quality PIP submissions; (iv) Government requirement to continue the practice of preparing the "Address List", necessitates the streamlining and merging of some procedures to produce both the "Address List" and PIP documents to minimize duplication; and (v) severe delays in project implementation and cost overruns have highlighted the need for more efficient procurement and contracting procedures.

In addition to these, in both the executing agencies, there was also a need to assist with implementation, upon approval, of the organization restructuring recommended in Phase I.

### TA OBJECTIVES AND SCOPE

There were two main objectives: (i) to assist Department for Coordination of External Economic Activity (DCEEA) in further strengthening its institutional capabilities to manage foreign aid, upgrade its database system, reaffirm and expand the procedures established under Phase I, and assist with the publication of the annual aid report; (ii) to assist the Ministry of Macroeconomics and Statistics (MMES) in elaborating and putting into practice procedures for improving the planning, monitoring, and implementation of the PIP established under Phase I.

The 5 sub-components identified for Aid Management were: (i) pursue organizational issues to facilitate efficient operation of the planning system framework; (ii) upgrade the aid management database; (iii) expand the information submission and reporting procedures in line with the upgraded database; (iv) prepare a Foreign Aid Report and convene a consultative group meeting with donors; and (v) strengthen the capability of officials to operate and manage the process through a comprehensive training program.

The 6 sub-components identified for PIP were: (i) pursue organization issues to facilitate efficient operation of the PIP process; (ii) consolidate government priorities into a coherent set of macro-economic objectives and strategies to facilitate project appraisal; (iii) establish a monitoring system to improve project implementation; (iv) develop and implement a provincial planning process in 2 pilot provinces; (v) consolidate and merge "Address List" and PIP procedures to minimize duplication; and (vi) review and draft a decree on procurement and contracting procedures.

### TA INPUTS/EVALUATION:

The TOR was adequately designed and comprehensive and the inclusion of specific sub-components provided clear direction to address the areas of weaknesses. The approach was suitable and the implementation schedule was feasible.

TeamWork International Consultants commenced the contract as scheduled. The TA provided 26.8 person months of international expert services and 50.1 person months of domestic consultant services. The consultants' inputs were adequate and their performance was fully satisfactory. They maintained a good working relationship with Government officials and counterpart staff, exercised perseverance to extract the desired government commitments, and worked in a very professional manner throughout the course of the TA.

The Government provided adequate office facilities within MMES. DCEEA made available 3 newly recruited staff, and MMES made available 6 counterpart staff under the Training of Trainers program.

## **TA OUTPUTS EVALUATION**

The TA produced substantial and tangible outputs that were consistent with the objectives and TOR.

In Aid Coordination, the major outputs were: (i) a catalogue of aid agreements; (ii) a new aid coordination and management system database; (iii) establishment of cross linkage between Aid & PIP databases; (iv) improved processes and procedures; (v) Foreign Aid Management: Processes and Procedures Manual; (vi) 1999 Foreign Aid Report; (vii) the Development Partners Profile Report; (viii) convening of the first In-country Donors Meeting; (ix) review and recommendations of organizational structure for streamlining foreign aid functions and consolidating staffing resources.

In PIP, the major outputs were: (i) consolidation of Government priorities into socio-economic framework and sector strategies. This was incorporated in the PIP document; (ii) published prioritized PIP 2000-2002 document; (iii) relevant features of the Address List has been merged with PIP procedures; (iv) pilot implementation of provincial planning process in 2 provinces; (v) installation of monitoring procedures; (vi) review and recommendation on existing procurement laws and procedures.

Training was adequately provided with a total of 14 activities conducted over the duration. The activities ranged from training in the concepts of aid management and PIP, database operations, training in procedures, management of the cycle and processes, PIP appraisal and prioritization, monitoring, and English language training. Six MMES staff and three trainers from DCEEA participated on a regular basis. Training was also provided to participants from line and central agencies. Additionally, 20 official participated in English language training.

The consultants exercised flexibility in accommodating changes and provided additional time to produce some extra outputs that were necessary to accomplish the objectives: (i) the task of gathering and cataloging aid agreement had to be redone, as the catalogue done under the previous TA was destroyed in an incident at the Cabinet of Ministers; (ii) DCEEA requested research and assessment of other agencies involved in aid related activities, and recommendations to streamline functions and consolidate resources as the means to address staffing needs; (iii) the foreign aid manual had to be substantially revised in line with the development of the new database; and (iv) instead of drafting a decree on Procurement, MMES requested that the final government draft law be reviewed to propose improvements.

These outputs had the desired effect of, not only fully attaining the TA objectives but heightened government interest in further expanding the planning system nationwide.

## **TA OVERALL ASSESSMENT/RATING**

Generally successful.

## **MAJOR LESSONS LEARNED**

Three major lessons can be discerned from the implementation of the TA:

(i) Firstly, particularly for planning systems type assistance, a phased TA approach is necessary to progressively build Government confidence, obtain the necessary commitments, and follow-through on those commitments. For instance, under the first TA, the Government was averse to including concessional loans in Foreign Aid Reports and, in making a selection of prioritized PIP within a resource allocation. Additionally, under this TA the Government did not see the need for an economist to consolidate and present Government priorities in a strategic document. This TA has managed to obtain the commitments for the first two instances, and the Government (and the donor community) was most pleased with the results of consolidating priorities into a strategic document. A phased TA approach provides the Government with the time to address related organizational and institutional issues to shore-up sustainability. Often, organization and staffing issues take a longer time to obtain approvals. It is important to follow-through, guide and assist the Government to ensure that implementation is consistent with the recommendations and addresses the structural weaknesses. It is heartening to note that post-TA, the Government has taken some measures to address the difficult organizational issues at DCEEA and MMES.

(ii) Second, it is important that phased TAs are promptly processed to maintain the momentum and to capitalize on advances made earlier. It is also imperative to ensure that project start-up coincides with the Government's planning cycle so that practical and theoretical training can be sequenced into the process leading up to the publication of Government documents. The start-up of this TA in June 1999 necessitated the urgency to produce Government reports within a tight deadline. Fortunately the availability of surplus TA budget allowed ADB to accommodate the Government request to extend the project to provide more focused training.

(iii) Third, placing the various departments under the Cabinet of Ministers (CoM) as Executing Agencies for ADB projects should in the future be discouraged. CoM should only play a coordinating role. In the past, CoM has been designated as the EA in the hope that placing projects at such a high level will ensure the project's success. This may not be achieved for the following reasons: (i) CoM officials simply do not have the time to be fully focused on the projects; and (ii) CoM has strict regulations governing staffing and access to its premises to all foreign personnel. This makes it very difficult to obtain approval for organizational changes or for the consultants to work alongside CoM staff for systems implementation.

## **FOLLOW-UP ACTION AND RECOMMENDATIONS**

The Government expressed their satisfaction with the achievements of the project. The Government conveyed the positive feedback and encouragement of the donor community to continue the process, especially the publications of the various Government reports and the In-country Donor Meeting. The Government requested for a further TA to strengthen the planning process at the provincial level so as improve the quality of investment proposals and, to assist with overseeing the repetition of the process and publications of the PIP and Aid Reports. Accordingly a TA may be included in the 2001 pipeline.