

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: EARG

TA No., Country and Name:			Amount Approved: \$650,000.00	
TA 3920-MON: Strengthening Public Sector Administration and Financial Management			Revised Amount: \$630,000.00	
Executing Agency: Cabinet Secretariat		Source of Funding: TASF	Amount Undisbursed: \$107,437.32	Amount Utilized: \$522,562.68
TA Approval Date: 5 Sep 2002	TA Signing Date: 18 Oct 2002	Fielding of First Consultant(s): 15 Jun 2003	TA Completion Date Original: 31 May 2004	Actual: 28 Feb 2006
			Account Closing Date Original: 31 May 2004	Actual: 31 Jan 2006
Description <p>The first Governance Reform Program Loan (GRP-I) supported the formulation of strategic business planning, adoption of output-based budgeting, performance contracting, and merit-based recruitment and promotion procedures in key public service agencies on a pilot basis. In accordance with GRP-I, significant TA support had been provided by ADB to the government agencies to build capacities in implementing the reforms under GRP-I.</p> <p>The Public Sector Management and Finance Law (PSMFL), adopted in 2002, provided the basis for full-fledged implementation of budget, financial and personnel management reforms in all public sector entities. This TA was proposed since significant capacity-building support was identified to pursue the reforms in line ministries, central and local budgetary bodies and state-owned enterprises. The Government saw the need to prepare a realistic time table for adoption of reforms throughout the country in a phased manner. For effective implementation of reforms, there was also the need for (i) developing awareness of the significance and implications of the proposed reforms; (ii) properly sequencing future reforms; (iii) addressing capacity constraints in implementing the budget and performance management provisions of PSMFL; (iv) proper coordination among the multiple public sector agencies; and (v) consolidation of the public sector and civil service functions to achieve efficiency.</p>				
Expected Impact, Outcome and Outputs <p>The expected impact was enhanced efficiency and quality of public services to be delivered by central ministries, budgetary bodies, enterprises, and local administrations. The expected outcome was better quality of public sector budget formulation and execution and human resource management. The expected outputs of the TA included (i) procedures for effective liaison between the Ministry of Finance and Economy (MOFE) and the line ministries in budget formulation as provided in the PSMFL; (ii) training of at least two key staff in each distinct area of the PSMFL; (iii) procedural, guidance, and training manuals; (iv) recommendations for consolidation of multiple civil service functions and public sector entities; and (v) an agenda to guide the second phase of the GRP.</p>				
Delivery of Inputs and Conduct of Activities <p>The TA was relevant and timely to the need for assistance in implementing the reforms set forth under the PSMFL. The terms of reference for consultants were clear and comprehensive.</p> <p>The TA originally planned to engage 3 international consultants for a total of 12 person-months and national consultants for 110 person-months in total. Based on the request from the Government, the services of some national consultants were extended to monitor the compliance of the policy matrix conditions under the Second Phase of the Governance Reform Program (GRP-II, approved in October 2003). A minor change in implementation arrangement was approved by Director, ECGF in December 2004 to engage an additional international consultant (Human Resource Expert) to assist the Government Services Council (GSC) in refining its procedures for the selection and assessment of candidates for senior civil servant positions. Overall, the consultants were competent and effective and cooperated with the Cabinet Secretariat (CS), MOFE, the executing agency (EA), and other Government agencies well.</p> <p>The review missions and the other supervision work on the project by ADB were adequate. CS, MOFE and relevant government agencies actively contributed to the TA implementation, showing their strong commitment and ownership in achieving governance reforms in line with PSMFL.</p>				

The inception of the project was slightly delayed due to a delay in consultant recruitment. The project was extended, per the request from the Government, to monitor and support the compliance of the policy matrix conditions under GRP-II.

Evaluation of Outputs and Achievement of Outcome

The consultant team produced a comprehensive final report including project's outputs, assessment of progress and challenges, and specific proposals and recommendations for further progress. The report was well received by both ADB and the Government. The Human Resource Expert, who provided assistance to GSC, produced a separate final report including her findings and recommendations and her presentations at the workshops.

Ten training workshops, including those for fiscal and budgetary management, PSMFL, local government, human resource planning, etc., were conducted under the TA. These training workshops enhanced understanding of the above issues in CS, MOFE, GSC, and other relevant government agencies.

The TA, in general, enhanced the capacity and understanding of relevant government officials in budget formulation and execution and human resource management in line with PMSFL and thus supported implementation of PMSFL as expected.

However, the achievement of outcome in some aspects fell short of expectation in the design and monitoring framework. Since the provisions of PSMFL were ambitious as also mentioned in the TA paper, the expected outcomes in the design were also ambitious in terms of timing and coverage. The consultants pointed out capacity constraints in the government agencies to formulate the strategic business plans. The consultants recruited under the next project in this area, i.e., TA Loan 2011-MON(SF): Capacity Building for Governance Reforms, are still working on formulation of strategic business plans and output specification for budgetary bodies.

In addition, consolidation of public sector bodies, one of the expected outputs, was difficult to achieve under the TA due to resistance from various groups. The consultants pointed out the sensitivity of the issue and recommended further conceptual work and consideration.

Overall Assessment and Rating

The TA is rated successful. The benefits of the project will be sustainable. The training activities enhanced understanding of strategic planning, output costing, and other important aspects of PSMFL in relevant government agencies. However, actual implementation of the reforms set forth in PSMFL is delayed and the capacities of relevant government officials needs further strengthening. TA Loan 2011-MON(SF) continues assistance for PSMFL implementation on the basis of the achievements under this TA.

Major Lessons

A lesson learned from this TA was that an average-sized, short-term TA cannot achieve very ambitious objectives or targets. Capacity constraints in the Government agencies and possible political resistance from relevant parties on particular issues need to be taken into account in identifying scope and setting objectives and targets of a TA. Administrative consolidation is an area where reform proposals often encounter resistance, and sustainable effort is required to achieve program.

Recommendations and Follow-Up Actions

Since this TA and the subsequent TA Loan 2011-MON(SF) has provided substantial assistance to civil service reforms and strengthening of budgeting, auditing and accounting of budgetary bodies in line with PSMFL, it is recommended that future activities in governance will focus on other areas of public finance, such as public funds management and investment planning.