

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: PAHQ

TA No. and Name: TA 6085-REG: Preparing a Pacific Governance Strategy			Amount Approved: \$490,000 ¹	
			Revised Amount:	
Executing Agency: Asian Development Bank (ADB)		Sources of Funding: ADB, USDOl	TA Amount Undisbursed \$119,291.25	TA Amount Utilized \$360,708.75
Date Approval 19 Dec 2002 Signing Not required Fielding of Consultants 01 Apr 2003			Completion Date Original 30 Apr 2004 Actual 31 Jul 2006	Closing Date Actual 22 Sep 2006
Description <p>The key objectives of the Medium-Term Governance Agenda and Action Plan 2000–2004 of ADB are to elevate governance issues to the top level of the development agenda in the region and to help enhance the quality of governance in individual developing member countries (DMCs). In the Pacific, governance assessments were undertaken for 6 of the 13 DMCs, chosen as representative of the governance institutions and practices in the region. To complement the conventional country governance assessments (CGAs), ADB also conducted studies to collect a broad range of views on governance concepts and institutions as understood and practiced at the village and community level. The CGAs identified weaknesses in all areas of governance. As the CGA findings were conclusions from information collected and discussions undertaken during ADB fact-finding missions, these conclusions had to be discussed and debated with stakeholders to establish a shared understanding of the current state of governance in the Pacific and what needs to be done to improve governance institutions and practices in each country. Such an understanding was felt to be valuable in the formulation of the regional strategy and program for the Pacific for 2005–2008.</p> <p>Expected Impact, Outcome, and Outputs The objectives of the TA were to disseminate the findings and conclusions of the CGA work undertaken by ADB, generate a shared understanding of governance challenges facing Pacific DMCs, enhance the commitment of all stakeholders to a governance improvement agenda, and explain the rationale for ADB's strategy to enhance governance in the Pacific and its application in each DMC. These were done through national workshops, a regional forum, and the crafting of a Pacific governance strategy for 2005-2008. In addition, the TA provided an opportunity for each DMC to examine its own governance systems and practices, take stock of the lessons learned for the region and individual countries, and develop its own governance improvement strategy.</p> <p>Evaluation of Inputs and Conduct of Activities Consultants were hired for specific components and activities of the RETA, displaying competence and satisfactory performance consistent with their terms of reference and acceptable to the PDMC governments and ADB. An international consultant with experience in development and governance issues in the Pacific was recruited on an intermittent basis for a total of 3 person-months to help conduct the Regional Governance Workshop in the Fiji Islands and prepare the governance strategy report. The TA came up with the finalization of <i>Governance in the Pacific: Focus for Action 2005-2009</i>, published in the first half of 2004. Other international and domestic consultants were recruited on an ad hoc basis to meet PDMCs' assistance requests as needs were identified. The Cook Islands' <i>Improving Public Sector Governance Workshop</i> national workshop held in October 2003 was conducted in conjunction with COO's Ministry of Finance and Economic Management, and the New Zealand High Commission provided a resource speaker who updated the 67 participants on the latest public service developments in New Zealand, given that the Cook Islands' Public Service Act of 1996 was based on the New Zealand model at the time.</p> <p>Although not originally a component of the RETA, in response to a request from the Solomon Islands Government, a mission visited Honiara for design and review of a project to develop a privatization strategy for Solomon Airlines, together with an aviation privatization specialist who was recruited for 42 calendar days. The consultant satisfactorily assessed the options for such privatization, determined its feasibility, recommended an action plan for reform, and facilitated consensus on the strategy.</p> <p>The TA also supported the costs of PDMCs' participation in regional workshops, including travel and accommodation costs of speakers on specialized governance topics. A domestic consultant-workshop coordinator recruited for a maximum 45 calendar days ably organized the logistical arrangements and support for the <i>Governance, Development Management and Project Administration Workshop</i> held 9-20 May 2005 at ADBHQ. Facilitators for the FSM and RMI Governance Retreats were likewise recruited to plan, prepare, and implement their country-specific requirements and needs.</p> <p>As executing agency, ADB satisfactorily carried out its task of making development assistance more effective with its project team from PARD and RSDD preparing the governance report, ably assisting in facilitating and actively participating in the governance workshops and assessments, undertaking review and consultative missions, and supporting regional efforts toward donor harmonization and coordination.</p>				

¹ As agreed with the United States Department of Interior (USDOl), the President approved on 8 April 2005 the transfer of source of financing for US\$17,222.64 from the ADB-funded TA program to the USDOl, in accordance with a Reimbursable Support Agreement between USDOl and ADB, and ADB administering this portion of the technical assistance to be financed by the USDOl. Accordingly, ADB's contribution to the subject TA was reduced by US\$17,222.64 to \$472,777.36. The total amount of the TA, however, remains the same at US\$490,000.

All in all, a total of 8.0 person-months of consulting work was rendered under this regional TA.

Evaluation of Outputs and Achievement of Outcome

The following quality reports and activities were made possible in a timely manner under this RETA:

- (i) *CGAs for FIJ, FSM, PNG, SAM, TON, and VAN; Desk Research Papers for KIR, RMI, and TUV; Regional Governance Workshop.* Most participants agreed with the CGA findings and governance priorities identified, highlighting the following priority issues: public financial management, engaging civil society and giving people a voice, corruption as a key constraint to economic and social development, and human security and law and order as directly linked to corruption and abuse of power. The workshop was an opportunity to share information and experience on governance issues and to realize that there is more commonality than differences in issues facing the region. Findings of CGAs have been posted on the web and incorporated in the publication.
- (ii) *Governance workshop for COO.* An offshoot of the regional workshop, COO indicated interest in having a national workshop where the issues raised and discussed in the regional workshop were discussed in the specific context of the country environment. Participants judged the workshop as timely and helpful in providing a forum for frank and constructive discussions among the leaders of the community.
- (iii) *Governance and Institutional Capacity Assessment for PAL.* Palau was assessed to be relatively well-managed. It is essential, however, that the government and community consider the sustainability of the current high level of grant assistance and the need to look beyond 2009, given the uncertainty of aid and the likelihood of substantial reduction in support from the US government and current donors.
- (iv) *Pacific Governance Strategy 2005-2009 Publication.* The publication "Governance in the Pacific: Focus for Action 2005-2009," a key output of the TA, is available online at <http://adb.org/Documents/Books/Governance-in-the-Pacific/default.asp>. Hard copies have also been extensively distributed to PDMCs and regional organizations and libraries.
- (v) *FSM 1st Governance and Strategic Development Retreat.* Held in Honolulu on 10 March 2005, the highly successful retreat was considered a great help in focusing and exchanging candid views on the country's primary issues such as land and private sector performance.
FSM 2nd Governance and Strategic Development Retreat. This follow-up retreat held 8-10 March 2006 in Pohnpei, FSM focused on issues of roadblocks and opportunities of self-sustainable and equitable economic growth led by the private sector. Notwithstanding the different perspectives among the retreat participants (government officials, private sector representatives, civil society leaders, donor representatives), candid views and ideas were exchanged. It successfully engaged key stakeholders in contentious issues such as the roles and powers of the national and state governments, the constraints to PSD and how to address these, and land policy.
- (vi) *RMI 2nd Informal Retreat.* Held in Honolulu, Hawaii 7-8 March 2005, the retreat focused on policy and institutional concerns of governance and private sector development, and drew commitment from participants to continue building the bridges of greater understanding to resolve the many difficult but still essential challenges to improve the future of the Marshallese.
- (vii) *Workshop on Governance, Development Management, and Project Administration at ADBHQ.* Conceived to support the development of aid coordination champions within the ministries of finance and planning in the Pacific, the intensive hands-on and participatory workshop which was held in Manila 9-20 May 2005 effectively supported the Pacific Department's key results area on human resource development for the successful delivery of ADB's Pacific Strategy.
- (viii) *Formulation of a Privatization Strategy for SOL Airlines.* In the belief that good governance implies expectations about a market-friendly economy with policies and infrastructure in place to encourage private sector development, this particular component has produced several reports leading to the Solomon Islands Government requesting ADB technical assistance to examine options to privatize SOLair and develop a privatization strategy.
- (ix) *Support for the Pacific Regional Workshop on Aid Effectiveness and Harmonization.* In consonance with the objectives of the governance RETA, financial contribution, as well as participation of ADB staff, was extended to this workshop held 9-10 November 2005 in Nadi, Fiji Islands aimed to progressively implement the Paris Declaration on Aid Effectiveness, of which ADB is a signatory and active supporter.

While most of the activities occurred in 2003, the delay in TA completion date was caused by several extensions made to maximize the use of TA resources and accommodate the increased demand for governance-related activities and undertakings in the region. Adequate time was also allotted to be able to liquidate expenses related to trainings and workshops.

Overall Assessment and Rating

Overall assessment and rating is Successful, in view of relevance and appropriateness of TA design, efficient and timely delivery of outputs, client satisfaction, and positive impact.

Major Lessons

1. While more use could and should be made of traditional governance structures and networks, especially in service delivery, care needs to be exercised to avoid potential biases in government decision-making and resource allocation.
2. Good governance helps ensure economic growth and more equitable and inclusive social development.
3. Improving governance is a long-term exercise. It is not only a matter of good intentions and processes, but also of education and culture. It is a collaborative process between developing member countries and the aid community, of which ADB's contribution is only a part.

Recommendations and Follow-Up Actions

It was felt by stakeholders that the following were not sufficiently or adequately addressed in the CGAs: (i) role of donors in contributing to some of the governance challenges in the region; (ii) the reform agenda in the past was driven by donors/ consultants with inadequate consideration given to country-specific factors, hence the lack of sustainability of the reform initiatives once consultants depart; (iii) quality of leadership in PDMCs and the lack of understanding by politicians of the role of Parliament, its committees, and the functions and obligations of individual members of Parliament. In future CGAs, these should be addressed.