

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: KYRM/CWRD

TA No. and Name: TA No. 3996 – KGZ: Strengthening the Capacity to Manage and Monitor Externally Assisted Projects			Amount Approved: \$580,900	
			Revised Amount:	
Executing Agency: Ministry of Finance of the Kyrgyz Republic ¹		Source of Funding: TASF	TA Amount Undisbursed \$47,106.51	TA Amount Utilized \$533,793.49
Date			Completion date	
			Original: 30 May 04	Actual: 30 Sep 05
Approval: 21 Nov 02			Account Closing date	
Signing: 23 Jan 03			Original: 30 May 04	
Fielding of First Consultant: 27 May 03			Actual²:	
Description <p>The weaknesses in institutional structures, systems, and procedures of the Government for project management and monitoring negatively affected implementation of externally-funded projects and constrained the Government to take well-founded decisions to ensure that scarce resources are directed to better performing projects. Line ministries as well had not developed effective management procedures and systems to keep track of project progress. Also, the system of reporting by the line ministries to the Ministry of Economy and Finance (MOEF) did not meet the requirements of effective monitoring. Weaknesses in institutional arrangements and limited project management capacities compounded the systemic problems. As a result, the Government did not have adequate information for cash flow planning to make timely payments, which is particularly important in a country with highly seasonal construction activities. Scarce budget resources and the limit on borrowing for the public investment program (PIP) made it critical to improve project implementation and accurately plan disbursements. Therefore, the Government requested technical assistance to strengthen its capacity for project management and monitoring, aid coordination, and targeting of externally assisted projects.</p>				
Objectives and Scope <p>The TA objective was to enhance the effectiveness of external assistance by improving project management and monitoring. This was to be achieved by (i) improving the institutional structures and project management procedures; (ii) developing improved monitoring procedures and an integrated project monitoring and management information system (MIS) for MOEF, line ministries, and other stakeholders; and (iii) human resource development through training of appropriate operations and managerial staff in items (i) and (ii).³ The TA was also to help monitor the targeting of assistance to poor regions and groups. The TA design was appropriate as it addressed the current urgent needs of the Government.</p>				
Evaluation of Inputs <p>The TA envisaged fielding of two international consultants (IC) for a total of 14 person-months (a project management and implementation adviser for 8 person-months and a computer specialist for 6 person-months) and six domestic consultants (DC) for a total of 35 person-months in the fields of project management, computer programming, and training. Subsequently, inputs of IC and DC were extended by 3.0 person-months and 24.1 person-months respectively mainly to accommodate three more beneficiary agencies and ensure institutionalization of project outputs. The TA was supervised closely and was implemented in accordance with the terms of reference. ADB and the Government reviewed TA progress jointly on seven occasions after TA inception. The Government collaborated well with the consultants and provided adequate support. The TA team also coordinated their activities with the consultants of TA-3767 KGZ: Strengthening Capacity of the Ministry of Finance for Financial Management and Planning of the Public Investment Program Phase II as required under their terms of reference. The formulation of the TA and the terms of reference for the consultants were appropriate. However, more time should have been provided for TA implementation to ensure sustainability of its outputs. After completion of ADB inputs, the Department for International Development of the United Kingdom provided 6 person-months of domestic consultant inputs to help institutionalize the TA outputs. The performance of ADB, the EA, and consultants in providing timely and adequate inputs for the TA has been highly satisfactory.</p>				
Evaluation of Outputs <p>The reports produced and activities carried out under the TA covered the following areas:</p> <p>1. Improving Institutional Structures and Project Management Procedures. Functional and procedural analysis of the role of MOEF, line ministries, and other relevant stakeholders was conducted and recommendations to improve institutional and reporting arrangements, coordination, and responsibilities among the stakeholders were reflected in the Towards Improved Project Implementation Report. The report particularly focused on responsibilities within various departments of MOEF. The Government implemented consultant's recommendations for MOEF and line ministries and MOEF modified relevant divisions' functional</p>				

¹ The Ministry of Finance was transformed to the Ministry of Economy and Finance in 2005.

² The actual closing date will be determined after all pending claims/invoices from the consultant are settled, and outstanding advances are liquidated, and outstanding suspense accounts are reversed/taken up.

³ The former Ministry of Finance, Ministry of Health, Ministry of Transport and Communication, the former Ministry of Agriculture and Water Resources, State Forestry Services, Ministry of Education and Culture, Ministry of Ecology and Emergency Services, Ministry of Industry, Trade and Tourism, and the offices of the President and Prime Minister were the beneficiaries of the TA.

assignments to align them with the MIS requirements. The State Forestry Service, in line with consultant's recommendations, set up a project management unit responsible for the management and monitoring of all projects executed by the agency, and other ministries, particularly, the Ministry of Transport and Communication, assigned the project management duties to the existing staff.

2. Developing an MIS for Improving Project Monitoring. After extensive consultations with stakeholders, the consultants developed two integrated MIS modules: (i) an aid coordination and project monitoring system (ACPMS) for the MOEF and (ii) a project monitoring system for the line ministries. The ACPMS, a multi-user computerized database system, assists MOEF to: (i) maintain information on each project; (ii) project future expenditures and develop a consolidated view of a short-term and mid-term PIP; (iii) analyze planned versus actual expenditures to monitor project performance; (iv) record monthly, quarterly, and annual project financial plans to improve cash flow planning; and (v) produce foreign aid reports. The systems are documented in a comprehensive user's guide in Russian. A Microsoft Project-based project monitoring system was developed for the line ministries. To institutionalize these two systems, changes were made in functional assignments to ensure timely production of quality reports. The required IT staff was assigned to MOEF to run the system. MOEF published the 2002-2003 external aid report, which was disseminated to donor agencies and public, and has continued regular reporting using the ACPMS.

3. Improving Reporting System. The consultants developed a simple quarterly and monthly reporting system for the line ministries and MOEF using appropriate computer packages. The guidelines on the use of the reporting system were also issued. The system was discussed with all stakeholders, pilot-tested, finalized, and adopted as the standard reporting system through the State Commission for Foreign Investment and Economic Assistance (GOSCOMINVEST)'s resolution of 25 August 2004. The simplified electronic reporting system, through which data can be submitted via email and can be directly imported into ACPMS for aggregate reporting, is now being used by all government agencies.

4. Workshops. The project conducted five workshops which (i) assessed the existing project management arrangements and defined user requirements; (ii) discussed the Towards Improved Project Implementation Report; and (iii) discussed new quarterly and monthly reporting system for use by the line ministries and the MOEF, and other TA outputs. In addition, the ACPMS was presented to the donor community to solicit their support in providing necessary inputs.

5. Training. Formal and on-the-job training of MOEF staff on the use of ACPMS was undertaken. A total of 77 government officials from MOEF and nine line ministries and their PIUs were successfully trained on project management and use of Microsoft Project at the Academy of Management under the President's Administration. In addition, Handbook on Development Project Management and Microsoft Project was developed and published. The Academy has integrated the project management course into the curricula of its Master's Degree programs.

The TA outputs were produced in accordance with the TOR, delivered on time, and were of high quality. The Government expressed satisfaction with the quality of TA outputs.

Overall Assessment and Rating

The TA was valued highly by the Government. The MOEF and the line ministries demonstrated strong ownership by actively participating in all TA activities. The output of the TA was highly relevant and consistent with the Government's priorities. The Government has formally adopted the ACPMS and the reporting system developed by the TA. Thus, it has accomplished its objectives and policy goals effectively. Inputs were efficiently used and the implementation process was efficient. Extension of the TA implementation period permitted assimilation of the management and monitoring system into the Government's work. The TA design allowed for a flexible response to requests of the Government for capacity building at additional beneficiary agencies. The TA outcome generally is likely to be sustainable as the key outputs were institutionalized and are currently in use. However, the impact of TA on institutional development was constrained due to high staff turnover at MOEF and line ministries and subsequent changes in the Government's structure and, therefore, is likely to be moderate. Overall, the TA is rated as successful.

Major Lessons Learned

There are two major lessons learned. First, involving a local academic institution in designing and implementing the training programs and building its capacity promoted better knowledge retention and ensured continuity in providing cost-effective training to other projects and government officials. Second, sufficient time should have been envisioned for development and institutionalization of MIS to ensure its sustainability. This was achieved by extending the TA implementation period.

Recommendations and Follow-Up Actions

Provision of quality data and information to ACPMS requires commitment by MOEF and line ministries, and close monitoring from the Government. To address this, (i) top-level management's awareness and reporting schedules should be maintained; (ii) training of new staff at MOEF and line ministries should be continued; and (iii) additional assistance to MOEF should be provided to support or modify the system as required. Moreover, given the ongoing changes in the budget planning and execution system and subsequent institutional reforming of MOEF, further assistance would be required to ensure compatibility of ACPMS with other management systems introduced in MOEF and the line ministries. To ensure sustainability of the TA outputs and their compatibility with other IT initiatives, there is a need to develop an information technology development strategy.

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