



Completion Report

Project Number: 44417-012
Technical Assistance Number: 7638
September 2015

Establishing a Regional Knowledge Sharing Platform for Resource Revenue Management

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TA Number, Country, and Name:			Amount Approved: \$175,000	
TA 7638-REG: Establishing a Regional Knowledge Sharing Platform for Resource Revenue Management			Revised Amount: \$175,000	
Executing Agency: ADB		Source of Funding:	Amount Undisbursed:	Amount Utilized:
		TASF-IV \$115,000.00	\$68,319.61	\$106,680.39
		TASF-Others \$ 60,000.00		
TA Approval Date:	TA Signing Date:	Fielding of First Consultants:	TA Completion Date	
26 Oct 2010	26 Oct 2010	25 Jan 2011	Original: 30 Apr 2011	Actual: 31 Dec 2013
			Account Closing Date	
			Original: 30 Apr 2011	Actual: 19 Sep 2014
Description: <p>During the Management Review Meeting (MRM) for Papua New Guinea (PNG) Country Partnership Strategy (CPS) a suggestion was made that, in common with PNG, a number of other developing member countries (DMC) were also facing similar challenges of managing resource revenue, and that as such, there was clearly an opportunity for ADB to establish a regional knowledge sharing platform for senior officials from these countries to come together and learn from each other's experiences. The then RSDD, now SDCC, took lead in developing a Technical Assistance (TA) on this issue.</p> <p>Resource curse is a complex phenomenon whereby an abundance of resource revenues may result into pilferage, corruption, waste and conflict, thus posing important governance and political economy challenges. Countries harnessing and managing windfall revenues from natural resources (e.g., oil, gas, minerals, precious stones, forest products) face significant challenges, including those arising from the "resource curse". There is a need to support countries in managing the revenues generated from the exploitation of natural resources effectively and to use those revenues to foster inclusive growth and development. With this aim, this TA proposed a knowledge sharing platform to: (i) gain an understanding of the challenges and opportunities associated with the economic exploitation of natural resources in endowed countries; and (ii) share a range of successful approaches relating to macroeconomic policies, public financial management and the management of Sovereign Wealth Management Fund (SWFs).</p> <p>Expected Impact, Outcome and Outputs</p> <p>The TA was intended to pilot a knowledge platform, enhance ADB's role as a knowledge intermediary and strengthen ADB's responsiveness to emerging issues of resource management in stakeholder DMCs. The expected impact was improved macroeconomic and financial management of windfall revenues emanating from the exploitation of natural resources in selected resource-rich countries in the Asia and Pacific region. The specific outcome of the TA was to communicate good practices in the macroeconomic and financial management of windfall revenues emanating from the exploitation of natural resources shared, disseminated and appreciated amongst selected policy makers. The TA outputs included: (i) country assessment studies, which review the resource revenue management systems, practices and capacity needs of Cambodia, Kazakhstan and Lao PDR; (ii) international workshop with participation of DMC officials, resource persons, development partners and civil society; (iii) country assessment papers for Cambodia, Kazakhstan and Lao PDR prepared and presented in plenary sessions; (iv) publication of country assessments and workshop proceedings; and (v) setting up of an associated website.</p> <p>Delivery of Inputs and Conduct of Activities</p> <p>Two minor changes were made in the scope of the TA. The first¹ included a change in implementation arrangements. The initial implementation arrangements called for (i) the recruitment of three international consultants to jointly prepare the country-specific case studies; and (ii) the recruitment of an event coordinator (National Consultant) for a period covering 20 person-days. Following discussions with the relevant regional departments and resident missions, the scope was revised to include: (i) recruitment of three international resource persons to prepare thematic papers in the areas of macroeconomic management, budget management, and the management of sovereign wealth funds; and (ii) extension the contract period for the event coordinator (National Consultant) to 66 person-days. The recruitment of the resource person and the representatives of DMCs were made with the help of the respective operations departments (OD). The second minor change in scope² included, inter-alia, the extension of support to the Government of Bhutan by preparing studies on public resource management, and developing a macroeconomic model for the country; and the extension of the closing date to 31 May 2013. The RETA was transferred from the RSGP (now SDGG) to RSOD, (now SDOD).</p>				

¹ Memo on TA7638 (Minor Change in Implementation Arrangements) dated 7 January 2011

² Memo on TA7638 (Request for Transfer to RSOD) dated 20 July 2012

From 14 to 15 April 2011, the following key outputs were delivered under the Regional Knowledge Sharing platform on Revenue Management in Resource Rich Countries: (a) three international resource persons prepared three thematic background papers, which focused on: (i) key policy choices that arise in managing natural resource revenues effectively; (ii) prudent budget management in a context of windfall natural resource revenues; and (iii) the Design and Governance of Sovereign Wealth Funds: Principles & Practices for Resource Revenue Management; (b) the resource persons made thematic presentations and summarized the background papers. They also prepared and presented country assessment reports for Cambodia, Kazakhstan and Lao PDR, which were well received; (c) the government officials of Cambodia and Lao PDR made their country presentations, which evoked much interest and added value to the forum's knowledge sharing goal; (d) the Kazakh delegation was present in Manila and prepared a presentation for the event. Unfortunately, due to logistical reasons, they failed to attend their session and consequently to deliver their presentation. The resource person made the presentation on Kazakhstan in a session chaired by DG, CWRD; (e) staff prepared country briefs on Laos PDR, Cambodia and Kazakhstan for the attendees of the forum.

The country reports and presentations prepared by the resource persons were made available in time and were of good quality. Generally the performance of the international resource persons and the National Events Coordinator (Consultant) was satisfactory. The outcome of the inaugural regional knowledge platform was featured at a high level seminar during the ADB Annual Meeting, involving senior officials from Timor-Leste and Mongolia.

During the period of extension of the TA between 2012 and 2013, the Consultant prepared a paper on public resource management studies for Bhutan. In consultation with the project leader, he also developed a macroeconomic model. The framework of the macro-economic model was presented to the staff of the Ministry of Finance (MOF), the Gross National Happiness Commission (GNHC), and the Bank of Bhutan. GNHC found the macroeconomic model very useful. GNHC was keen to use the model, while MOF had some reservations on the results of the model. The training materials for the macroeconomic model were also prepared and discussed with GNHC. Since the training could not be completed due to logistical constraints, this macroeconomic model was never put to use. Ultimately, alternate arrangements were pursued by the OD to develop another macroeconomic model. Performance of the Consultant was satisfactory.

It may be noted that only 61% of the budget was expended. Cost savings were achieved in the recruitment of the resource persons, rather than consultants. Performance of staff and consultant managing the TA was satisfactory.

Evaluation of Outputs and Achievement of Outcome

The sought outcome was generally achieved. The outcome of the TA was to be measured by the number of policy makers attending the Knowledge Sharing Forum. The forum was well attended by more than 50 representatives from Cambodia, Lao PDR, Mongolia, Papua New Guinea, Philippines, and Timor Leste and representatives of the academia, and by other development agencies. The representatives included policy makers and those who could influence policy. The outcome was achieved given the high number of policy makers and representatives of the concerned DMCs who attended the forum where ADB was able to share experiences and good practices in the macroeconomic and financial management of wind fall revenues.

All sought outputs were delivered. The country assessment reports on Cambodia, Kazakhstan and Lao PDR were presented in the seminar. The reports provided an understanding of the challenges and opportunities associated with the economic exploitation of natural resources in resource-rich countries. The reports shared a range of successful approaches relating to macroeconomic policies, public financial management and the management of SWFs. The international seminar was successful, in as much as it was well attended by pertinent country representatives and helped in disseminating information on good practice. The seminar generated the interest of DMCs as evidenced by the presentations made by the representatives of Cambodia and Lao PDR on revenue resource management. In summary, the case study presentations in the workshop, the speeches made by DMC officials on their experience in the field of resource revenue management, and the group discussion of senior DMC officials and external experts on their experiences in dealing with resource revenue management were very useful and helped in better understanding the challenges involved. All the outputs, including the development of a website, were delivered. However, the website is no longer available for viewing, revealing that sustainability of such websites remains a challenge.³ In the case of Bhutan, the macroeconomic model was prepared and tested and was found useful by GNHC, although not used due to the absence of a training exercise.

Overall Assessment and Rating

The TA was successful in disseminating good practices in the macroeconomic and financial management of wind fall revenues to the DMCs. Participating DMCs also shared their experience and preparedness, which helped in better understanding the manner in which this challenge is proposed to be addressed. However, the impact of the exercise on policy makers is not entirely clear. The efforts to produce the macroeconomic model were a success. However, as the corresponding training could not be conducted, this exercise was not successful. Since some

³ The PDS sheet (<http://www.adb.org/projects/44417-012/main>) will be updated with the information available.

awareness training of GNHC staff was undertaken, it partially succeeded in transferring some knowledge. The TA was relevant, but its effectiveness, efficiency and sustainability were at best moderate. Accordingly, the TA is considered less than successful.

Major Lessons Learnt

It is appropriate to engage in the review of important current issues with relevant countries through knowledge forums. However, country ownership is critical for the success of such programs to generate better outcomes. It is important that production of knowledge products by knowledge departments should be at the request of ODs to ensure full ownership. Moreover, there is a need to ensure optimal coordination between knowledge departments and ODs for better delivery of knowledge services to client countries.

Recommendations and Follow-Up Actions

Given their importance and relevance of the resource curse in number of countries, ADB might continue to explore support to country programs in relevant countries, such as Mongolia and PNG.

TA = technical assistance.

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