



# Completion Report

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Technical Assistance Number: 8676  
August 2017

## Kazakhstan: Managing for Development Results in the Transport Sector of Kazakhstan

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| <b>TA Number, Country, and Name:</b><br>TA 8676-KAZ: Managing for Development Results in the Transport Sector of Kazakhstan   |   |   | <b>Amount Approved:</b> \$225,000   |   |  |
|   |   |   | <b>Revised Amount:</b> not applicable   |   |  |
| <b>Executing Agency:</b><br>Ministry of Economy and Budget Planning (MEBP), (subsequently renamed as Department for Budget Investments and PPP Development under the Ministry of National Economy)  |   | <b>Source of Funding:</b><br>TASF-others                  | <b>Amount Undisbursed:</b><br>\$24,798.41   | <b>Amount Utilized:</b><br>\$200,201.59 |  |
| <b>TA Approval Date:</b><br>30 June 2014  | <b>TA Signing Date:</b><br>not applicable | <b>Fielding of First Consultants:</b><br>27 November 2014 | <b>TA Completion Date</b><br>Original: 31 December 2015      Actual: 30 June 2016     |   |  |
|   |   |   | <b>Account Closing Date</b><br>Original: 31 December 2015      Actual: 31 August 2016 |   |  |
| <p><b>Description.</b> In 2007, the government launched a results-focused approach to budget policy, planning and execution, including: (i) results-based budgeting; (ii) separation of budget policy and execution; (iii) increased local government autonomy in budget planning and execution; (iv) strengthening of budget monitoring and internal controls; and (v) adoption of a multiyear budget framework. These reforms were, however, hampered by:</p> <ul style="list-style-type: none"> <li>(i) weak integration of national planning, budget formulation, and service delivery by state agencies; and</li> <li>(ii) weak monitoring of implementation pointing to insufficient accountability on the use of public funds.</li> </ul> <p>These weaknesses reflected the Ministry of Transport and Communications' (MOTC's) (i) lack of capacity to formulate clear sector vision, mission, and development goals; (ii) weak alignment of sector budgets with national strategy; (iii) an excessive focus on activities and outputs rather than outcomes and impact; and (iv) difficulty producing adequate key performance indicators (KPIs) in the absence of baseline data for performance measurement. The symptoms were (i) poor accuracy of initial budget estimates that triggered frequent cost increases; (ii) lengthy processes for approval; and (iii) inadequate monitoring capabilities undermining proper financial management and accountability. This significantly affected the transport sector including the roads subsector. In this context, the government requested ADB assistance to pilot establishing a managing for development results (MfDR) approach in the transport sector.</p> <p><b>Expected Impact, Outcome, and Outputs.</b> The small-scale capacity development technical assistance (SSTA) aimed to enhance the institutional capacity of the MOTC to manage the roads subsector using a results-based approach. The achievement of this proposed 'Outcome' was to be measured as to whether MfDR principles were integrated in MOTC's annual operational plan by December 2015. These principles were: results orientation; common results for planning, budgeting, implementation, monitoring and evaluation; recognition that the above components must be integrated; and integration across national and subnational government levels, and between central and line agencies. The SSTA identified the following 'Outputs':</p> <ul style="list-style-type: none"> <li>(i) MfDR principles institutionalized and operationalized in MOTC;</li> <li>(ii) roads subsector results-based framework developed in line with national objective objectives; and</li> <li>(iii) monitoring and evaluation (M&amp;E) system developed to support results-based planning, budgeting and monitoring in the roads subsector.</li> </ul> <p><b>Delivery of Inputs and Conduct of Activities.</b> A total of 11.3 months of consultants fielded 4 missions to Kazakhstan between February 2015 and February 2016, with the main results summarized in a final report. The final report is comprehensive and of high quality, covering key aspects and well-substantiated recommendations and examples for application of KPIs. The report serves as a useful introduction or refresher reading on MfDR topic for government officials. The communication of the consultants with the government were appreciated, and several beneficiaries emphasized the useful exposure to new ideas via the SSTA, especially in improved work efficiency, measuring progress across MOTC and Committee on Roads (COR). The following table compares actual achievements with the original timeline of activities and highlights whether the targets have been met. The final report is comprehensive and of high quality, covering a number of key aspects of work with well-substantiated recommendations. As such it is well-suited to serve as an introduction to the MfDR topic for officials. The government appreciated the interactions of the different consultants, and several stakeholders emphasized the exposure to new ideas provided by this TA, especially in measuring progress of MOTC and COR activities. ADB's engagement in activities could have supported its potential (only 1 review mission is reflected in the record).</p> |   |   |   |   |  |

| <b>Table 1: Status of Achievement of Activities</b>   |   |
|---|---|
| <b>Activities with Milestones (Original Timeline)</b>   | <b>Actual Implementation Timeline and Main Achievements</b>   |
| <b>Output 1:</b><br>1.1 A results-based planning and monitoring consultant will be recruited by August 2014   | Consultant was hired in November 2014.  |
| 1.2 MOTC prepares and issues a resolution to establish a steering committee for overseeing MfDR institutionalization by November 2014                     | <b>Not achieved.</b> The steering committee was not established.  |
| 1.3 Sector policy, institutional and capacity assessments developed by December 2014  | <b>Achieved.</b> Finalized in April 2016 (significantly delayed).   |
| 1.4 At least 2 training workshops on MfDR principles for MOTC conducted by June 2015  | <b>Partly achieved.</b> In February 2016, one two-day training workshop was held on MfDR.   |
| <b>Output 2:</b><br>2.1 A transport sector consultant will be recruited by August 2014  | Consultant was hired in November 2014.  |
| 2.2 Data for formulating roads subsector KPIs collected by December 2014  | <b>Achieved.</b> Data collected during 2015.  |
| 2.3 Roads subsector results-based KPIs with baselines and medium-term targets prepared, discussed by all stakeholders, and approved by MOTC by March 2015 | <b>Partly achieved.</b> A set of KPIs was proposed in 2015 (with baselines and medium-term targets) and presented in early 2016 as part of the final report. While some KPIs were adopted via MOTC regulations, not all were accepted.      |
| <b>Output 3:</b><br>3.1 Results-based M&E system with operational manuals developed by September 2015   | <b>Partly achieved.</b> There is still no monitoring framework in place. Software is being developed for asset management and monitoring to be launched in 2017. Monitoring of road-related outcomes was introduced in late 2016 (delayed). |
| 3.2 At least 3 training workshops on M&E system conducted by December 2015  | <b>Partly achieved.</b> In February 2016, one two-day training workshop was held on MfDR.   |

**Evaluation of Outputs and Achievement of Outcome.** In terms of outcome achievement, the integration of the above four principles into MOTC's annual operational plan was not achieved as anticipated (by December 2015). The implementation period was too short and the limited funding of the SSTA constrained the necessary support for a full delivery of these ambitious reforms. Also the 'Impact' statement — transport sector results-based performance targets integrated in the transport sector development strategy and in the Medium-Term Expenditure Framework 2018–2020 by 2018, was also unrealistic. Given the very limited resources available and ambitious timeline of this TA, and absence of a systematic ADB engagement, the expectations articulated in the project's design and monitoring framework (DMF) were unrealistic, and were only partly achieved as summarized in Table 2.

**Table 2: Status of Achievement of Outputs**

| <b>Outputs</b>   | <b>Actual Achievements</b> |
|--|----------------------------|
| <b>Output 1:</b> MfDR principles institutionalized and operationalized in MOTC   | Not achieved.              |
| <i>Performance Targets/Indicators:</i><br>(i) A steering committee to oversee MfDR institutionalization in roads subsector headed by the Vice Minister of Transport and Communications established by November 2014<br>(ii) MfDR implementation manual prepared by June 2015 |                            |
| <b>Output 2:</b> Roads subsector results-based framework operational in line with national planning objectives   | Partly achieved.           |
| <i>Performance Targets/Indicators:</i><br>(i) KPIs with baselines and medium-term targets developed and integrated in MOTC's annual operational plan, draft medium-term expenditure framework (MTEF) 2016–2018 prepared and first annual budget plan prepared by March 2015  |                            |
| <b>Output 3:</b> M&E system developed to support results-based planning, budgeting and monitoring in the roads subsector   | Partly achieved.           |
| <i>Performance Targets/Indicators:</i><br>(i) Real time information on delivery of development results generated from M&E system by September 2015<br>(ii) At least 50% of MOTC staff participated in the training by December 2015  |                            |

**Overall Assessment and Rating.** This SSTA is rated less than successful. The deliverables and expected reform achievements were not realistic. The program of work that was implemented was of good quality and appreciated by the targeted stakeholders, but limited in resources, policy dialogue bandwidth and timeline available, and in sum, could not have much progress towards the envisaged Outcome. Even though the TA was relevant, it was: less than effective in view of the partial achievement of outcomes and outputs; efficient; and less than likely sustainable. However, it is important to note that performance indicators were not clearly defined and more realistic targets could have been set, and this significantly explains the ratings assessment despite the high quality of work undertaken.

**Major Lessons.** ADB's ongoing and future engagement in the transport sector may benefit from revisiting the objectives of this SSTA, and be augmented by supporting the MfDR-related public sector management (PSM) reforms. Importantly, it would have been appropriate to set much more modest deliverables in the design and monitoring framework. The MfDR reform agenda, even when narrowed to the roads subsector the MfDR agenda, represents a considerable PSM challenge requiring a more comprehensive technical assistance effort.

**Recommendations and Follow-Up Actions.** Revisiting the MfDR agenda that the work by the SSTA consultants introduced in early 2016 at the MOTC and the COR seems to be appropriate in the context of the ongoing preparation of the ADB country partnership strategy. Support to the MfDR-related PSM reforms in the transport sector may be well placed to engage with the Government of Kazakhstan.

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