

ASIAN DEVELOPMENT BANK

TAR:VAN 35217

TECHNICAL ASSISTANCE
(Financed from the Japan Special Fund)

TO THE

REPUBLIC OF VANUATU

FOR

PERFORMANCE IMPROVEMENTS TO SERVICE DELIVERY UNITS

December 2001

CURRENCY EQUIVALENTS

(as of 23 November 2001)

Currency Unit	—	Vatu (Vt)
Vt1.00	=	\$0.00689
\$1.00	=	Vt144.95

ABBREVIATIONS

ADB	—	Asian Development Bank
DG	—	director-general
DSM	—	Department of Strategic Management
PIP	—	Performance Improvement Plan
SDIC	—	Service Delivery Improvement Committee
SIG	—	service improvement group
TA	—	technical assistance

NOTES

- (i) The fiscal year (FY) of the Government and its agencies ends on 31 December.
- (ii) In this report, "\$" refers to US dollars and "SDR" refers to Special Drawing Rights.

I. INTRODUCTION

1. During the March-May 2001 Country Programming Mission, the Government asked the Asian Development Bank (ADB) for advisory technical assistance (TA) to help improve performance of service delivery units. The Fact-Finding Mission concluded on 11 September 2001¹ after reaching an understanding with the Government on the TA objective, scope, cost estimates, and implementation arrangements. The TA framework is attached as Appendix 1.

II. BACKGROUND AND RATIONALE

2. The Government began initiating reforms in 1997;² implementation started in earnest in 1998. The reforms have involved some bold policy measures, creation of new structures, systems and processes, and associated legislation; and have required strong Government commitment. While the Government has achieved much progress over the last two years in the public, economic, and financial sectors, substantial work remains in all sectors to entrench policies. Overall, the Comprehensive Reform Program has laid the foundation for reforms in the public sector, particularly in improving service delivery functions.

3. The critical Government capacity constraints that have existed for some years remain a continuing concern. Following the Government restructuring involving redundancy of over 500 public servants under the Comprehensive Reform Program, the capacity to effectively develop, implement, and monitor service delivery improvements still needs to be developed across the public service. Limited budget has made it difficult for task managers to properly plan and prioritize their outputs. Some marked improvements have been noted for delivery of services to the public,³ particularly when compared with the period prior to introducing reforms, but the need to strengthen the service skills of task managers is urgent. Presently, directors-general (DGs) are expected to take responsibility for service improvement without any specialist resources such as staff skilled in service improvement. Some DGs and their staff are not familiar with improvement methodologies and therefore do not have the skills required to efficiently and effectively identify and implement service improvements. The result is a slowing down and, in some cases, even deterioration of the efficiency and effectiveness of service delivery to the public.

4. Service delivery targets are included in annual budgets and are reported by the line agencies quarterly. However, follow-up action by ministries and central agencies is lacking. The Service Delivery Improvement Committee (SDIC) facilitates public sector reform and oversees improvement efforts. Although the SDIC has some authority to promote change, it lacks the organizational capacity to support service delivery agencies. The SDIC relies on the individual ministries to carry out their own service improvement work, and has no capacity to help them. As an alternative, institutional capacity to support service improvement is needed. This could take the form of teams of 2–3 officers already involved in service improvement within ministries,

¹ The TA was first listed in *ADB Business Opportunities* on 27 July 2001.

² Supported by ADB Loan 1624-VAN(SF): *Comprehensive Reform Program*, for SDR14,977,000 (equivalent to \$20 million), approved on 16 July 1998.

³ Among the notable service improvements include clarification of the roles of primary school head teachers, zone curriculum advisers, inspectors, and provincial education officers within the Department of Education; delivery and ordering of drugs within the pharmacy department of the Ministry of Health; and improvements to road services including road maintenance on Port Vila and Santo.

to be referred to as service improvement groups (SIGs).⁴ Two SDIC members within the Department of Strategic Management (DSM) could be trained to head SIG support teams. The purpose of using a team approach is to focus as many people as possible on the techniques of improving and maximizing the transfer of skills from the SIGs to all staff. The DSM staff and SIGs in selected ministries for performance improvement will serve as counterparts to consultants.

5. The TA is consistent with ADB's operational strategy for Vanuatu, which support reform activities previously introduced under the Comprehensive Reform Program. This TA builds on work developed under an earlier TA⁵ and lessons learned have been incorporated.

III. THE TECHNICAL ASSISTANCE

A. Objective

6. The TA objective is to build the capacity of government institutions to facilitate service improvements across and/or within the public service. The role of the SIGs will be to strengthen the improvement skills of public service staff so that ministries and departments have the capacity of self-improvement. The SIGs will strengthen skills in two key ways: by providing skills training across the public service, and by facilitating service improvement projects within ministries.

B. Scope

7. The TA is intended to improve and strengthen the management capability of the SIGs to enable them to respond to service improvement within their own ministries and manage projects within acceptable time limits. The role of the SIGs is to create sustainable improvement capacity within departments, hence local staff must always be involved in the full range of improvement activity. After consultation with local stakeholders, the following service improvement areas were agreed upon: (i) strengthening the role of secondary school inspectors in the Ministry of Education, (ii) improving the management skills of six provincial health managers in the Ministry of Health, (iii) improving the processes for disseminating and raising awareness about export of products both internally and offshore in close consultation with the officials of the Department of Trade and Department of Agriculture, and (iv) training 1–2 DSM officials in performance improvement methodologies.

8. The individual SIG will consist of officials in the selected service improvement ministry with the skills to assist ministries in their improvement efforts. Their skills will include facilitation, team building, problem-solving, and change management. While the TA will facilitate, mentor, and train SIG staff on performance improvement methodologies through targeted workshops, the focus will be on-the-job training, as well as work with the SIGs on real service improvement problems. The trained SIGs will hold training workshops on problem-solving skills to aid skill transfer. The TA will help the SIGs develop a cause-effect analysis and identify factors that constrain performance improvement, apart from staffing and budgets, and therefore need to be addressed to ensure performance improvement. Using this cause-effect analysis, the TA will help selected service departments to develop a performance improvement plan to achieve set

⁴ SIGs refer to existing department/ministry officials who are directly involved in improving service delivery in their respective units. As such, this is not a new position to be created by the Public Service Commission.

⁵ TA 3210-VAN: *Performance Enhancement of Selected Frontline Services* for \$300,000 approved on 22 June 1999. TA closed on 31 May 2001 and TCR is being finalized.

outputs. The TA will then assist the individual SIGs implement the plan, monitor improvements, solve problems on the job, and provide for continuing recognition of improvements. Improvement recommendations will be developed subject to constraints such as staffing limits, budget ceiling, strategic priorities, and political imperatives. The results of the improvement work will be widely publicized to encourage other ministries to participate.

9. The SDIC will monitor TA implementation.⁶ It will report regularly to the Development Committee of Officials; meet monthly; and maintain an action list with projects, tasks, and deadlines. The DGs will retain responsibility for improving their own ministries, and DSM will be responsible for coordinating the capacity of public institutions to improve services.

10. The TA consultants will act as process-catalysts and enablers. Quality and productivity improvements are expected to result more from management improvements rather than relying solely on technical solutions.

C. Cost Estimates and Financing Plan

11. The total cost of the TA is estimated at \$353,000 equivalent, comprising \$283,553 equivalent in foreign exchange cost and \$69,447 equivalent in local currency cost. ADB will provide \$300,000 to cover the total foreign exchange cost and \$16,447 equivalent of the local cost. The balance of \$53,000 equivalent will be provided by the Government through the provision of counterpart staff, support services, and office facilities. The TA will be financed by ADB on a grant basis from the Japan Special Fund, funded by the Government of Japan. Detailed cost estimates are provided in Appendix 2.

D. Implementation Arrangements

12. DSM will be the Executing Agency. Implementing agencies will be the ministries of education, health, and trade in collaboration with the Department of Agriculture and Livestock. DSM will provide coordination between various Government agencies directly involved in TA implementation, as well as with the SDIC. DSM, in consultation with the SDIC, will assume the lead role in publicizing performance improvement outcomes. The implementing agencies will be responsible for coordinating TA activities for the specific service improvement areas listed in para. 7, including facilitating implementation at the provincial level in the rural areas and outer islands.

13. The TA will be implemented over 18 months, is expected to commence in late January 2002, and be completed by July 2003. The TA will finance 10 person-months of inputs from two international consultants with appropriate qualifications and proven experience in problem-solving techniques, facilitation and teamwork, project management, training, and general management. The consultants should have a track record in establishing improvement programs, introducing change management, and facilitating improvement projects, including skills transfer. Excellent interpersonal skills, the ability to perform in a multidisciplinary team, and proven ability to perform effectively in a cross-cultural context will also be required. One of the two consultants will be devoted to improving the management skills of the six provincial health managers and the second will work with the SIGs in the ministries of education, trade, and agriculture. Both consultants will assist in mentoring and training selected SDIC staff. The team leader will be engaged for 6 person-months and the other consultant for 4 person-months to be

⁶ The SDIC is chaired by the director of DSM and includes senior officials from the Public Service Commission, Department of Economic and Social Development, Ministry of Internal Affairs, and Department of Finance.

undertaken in 2–3 phases. The first visit will be for two months for the team leader and six weeks for the second consultant to help identify and establish the SIGs within the service improvement ministries, and help define specific performance improvement targets. The consultants will be fielded simultaneously during the first visit. The consultants will then return at periodic intervals to monitor progress and build skill levels within the SIGs. Each visit should have a specific target in terms of additional skills to be built. The international consultants will be recruited from a firm in accordance with ADB's *Guidelines on the Use of Consultants*.

14. The consultants will be fielded in Port Vila and will be required to travel to the provinces, depending on the service and the nature of the issues. They will work directly with the SIGs, and report to the director of DSM through the head of the respective SIG. The consultants will prepare and submit an inception report within two weeks of TA commencement, providing a detailed work plan under the scope of services; and brief monthly reports on each service for which recommendations are prepared. A detailed final report of achievements and outputs will be submitted at the completion of the assignment. On 19 September 2001, to demonstrate local support and commitment, the Development Committee of Officials⁷ endorsed TA implementation. Thus strong ownership of the TA is assured. Terms of reference for the consultants are attached as Appendix 3.

IV. THE PRESIDENT'S DECISION

15. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance, on a grant basis, to the Government of the Republic of Vanuatu in an amount not exceeding the equivalent of \$300,000, for the purpose of Performance Improvements to Service Delivery Units, and hereby reports such action to the Board.

⁷ The Development Committee of Officials, comprising all the DGs, the public service commissioner, and attorney general, meets regularly to discuss, review, and approve policy papers, proposed loans, and TA for implementation by the Government.

TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Performance Targets	Monitoring Mechanisms	Assumptions and Risks
Goal Better quality services delivered by public sector agencies in the education, health, agriculture and trade sectors .	Measurable improvement in the quality of service delivery, in selected departments/ministries.	Utilization of and regular reporting against a performance monitoring system.	Performance improvements are possible without additional staffing and budget..
Purpose Develop a process, ability and willingness among public sector agencies to measure, monitor and improve service delivery quality in the education, health, agriculture and trade.	For each service: baseline data collected; performance indicators developed, with realistic, time-bound performance targets for each; and progress monitored against performance targets.	Consultants' reports. Feedback from the Department of Strategic Management (DSM), Service Delivery Improvement Committee (SDIC), implementing agencies, and other stakeholders.	Strong local ownership of the process. Support and recognition from central line agencies including the SDIC.
Outputs Performance Improvement Plan (PIP). Improve capacity of service improvement groups to implement the PIP. SDIC is strengthened to undertake/monitor service delivery improvement role.	Cause-effect analysis undertaken to identify factors constraining performance improvement (except additional staffing and operating budgets). Utilization of the PIP by service improvement groups (SIG). Effective and timely execution of management decisions through improved planning, information flow, and communication. Assertiveness of the SDIC trainers in implementing the PIP and training stakeholders.	Consultants' reports on results of analyses. Productive consultations with stakeholders and staff Progress reports on monitoring of improvements in service delivery. Progress reports on specific activity managed by the SDIC and consultants reports .	Management and staff commitment to enhancing quality and achieving productivity improvements. Advisers act as process-analysts and enablers only. Trained SIGs committed to implementing their PIP. Tangible outputs achieved resulting in increased community participation to improve service delivery. The SDIC remains committed to the task of implementing service improvement plans.

(Reference in text: page 1, para. 1)

Design Summary	Performance Targets	Monitoring Mechanisms	Assumptions and Risks
Outputs - continue Publicity on improved service quality.	Performance improvements publicized widely.	Reporting of outcomes to central and line agencies.	Close coordination with central and line agencies.
Inputs Consulting services by two international consultants from a firm. Train SIGs and selected SDIC members in specific improvement programs, computer packages, and management of change. Coordinate with Australian Aid for International Development institutional strengthening projects in the Ministry of Health and Public Service Commission.	6 person months for the team leader and 4 for the second consultant. A number of training courses undertaken for SIGs and selected SDIC members Series of completed training programs, transfer of skills, etc. Regular meetings between ADB and Australian Aid for International Development; TA coordination committee meetings.	Consultants reports. Training evaluation reports Consultants' monthly reports. Feedback from DSM and project coordinators, consultants report.	Successful recruitment and fielding of qualified consultants and provision of counterpart staff. The trained SIGs and selected SDIC members are retained within their respective ministries and departments. Close coordination and free flow of exchange amongst advisers in the DSM, Public Service Commission, and Ministry of Health. Also the consultants work across ministries.

COST ESTIMATES AND FINANCING PLAN

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank Financing^a			
1. Consultants			
a. Remuneration and Per Diem International Consultants	255,360	0	255,360
b. International and Local Travel ^b	15,000	10,000	25,000
c. Reports and Communications	0	5,000	5,000
2. Contingencies	13,193	1,447	14,640
Subtotal (A)	283,553	16,447	300,000
B. Government Financing			
1. Office Accommodation and Transport	0	15,000	15,000
2. Remuneration and Per Diem of Counterpart Staff	0	30,000	30,000
3. Others	0	8,000	8,000
Subtotal (B)	0	53,000	53,000
Total	283,553	69,447	353,000

^a Financed from the Japan Special Fund

^b Includes local travel for selected service delivery improvement groups to the outer islands.

Source: Asian Development Bank estimates.

(Reference in text: page 3, para. 11)

TERMS OF REFERENCE

1. The specific tasks of the international consultants will include the following:
 - (i) Strengthen the skills of service delivery improvement groups (SIGs), including for problem-solving, project management, change management, facilitation, teamwork, and presentation. Establish a recognized problem-solving approach within the SIGs that becomes the framework for future improvement. Key elements of the approach should include project definition, data collection and analysis, use of measurable data, use of performance indicators, root cause analysis, implementation, and monitoring as part of the process. Support the methodology with appropriate manuals and training materials.
 - (ii) Strengthen the administrative and management capability of the SIGs to enable them to respond to requests for assistance and to manage projects within acceptable time limits. Assistance with project management and work scheduling is essential.
 - (iii) Train SIG staff in computer skills required to support improvement efforts. SIG staff should be familiar with packages like MS Word, a presentation program such as MS PowerPoint, a spreadsheet, and a process mapping program.
 - (iv) Develop the training skill of SIG staff so they can pass on their skills without external assistance. Assist SIG staff to develop training materials and implement a program of workshops to raise awareness of improvement techniques and facilitate improvement skills transfer.
 - (v) Assist SIG staff to facilitate improvement teams. It is expected the consultants Mentor a local facilitator, rather than personally facilitate improvement teams.
 - (vi) Train selected Service Delivery Improvement Committee (SDIC) members on what service improvement is all about, approaches and methods to improve service, the role of the SDIC, how to collect and analyze data, how to scope and define service improvement projects, how to monitor and manage service improvement projects, and setting and implementing a communication strategy.
 - (vii) Help the SIGs develop a knowledge bank database of improvement initiatives for the use of all ministries.
 - (viii) Encourage service improvement by publicizing progress and successful improvement initiatives both to the public service and to the wider public.
 - (ix) Review present arrangements for reporting on service delivery and for providing feedback on the reports. Prepare recommendations for streamlining and improving flows of information including updated procedures and formats.

(Reference in text: page 4, para. 14)

- (x) Advise the SDIC as directed by the Department of Strategic Management.
- (xi) Provide brief monthly progress reports and report on each service for which recommendations are prepared.