

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: PLCO/PARD

TA No. and Name TA No. 3936-SAM: Strengthening Of Economic Sectors Planning and Management			Amount Approved: \$300,000	
			Revised Amount: \$300,000	
Executing Agency: Ministry of Finance		Source of Funding: TASF		
		TA Amount Undisbursed \$55,501.99		TA Amount Utilized \$244,498.01
TA Approval Date: 2 Oct 2002	TA Signing Date: 10 Oct 2002	Fielding of First Consultant: February 2003	Completion Date	
			Original 30 Jun 2004	Actual 31 Mar 2005
			Account Closing Date	
			Original 30 Jun 2004	Actual 23 Jun 2005

Description

Samoa has made substantial progress under the reform program initiated by the Government in 1994, which included economic, governance, public sector, and financial sector reforms. ADB had supported the Government's reform program through TAs for strengthening capacity for macroeconomic analysis, planning, and policy formulation,¹ and through assistance to the financial sector and public enterprise reform.² A loan and associated TA for small business development and micro-credit facilities was approved in October 2000,³ as was a TA for privatization.⁴ A challenge, however, was for the Ministry of Finance (then: Treasury Department) to ensure that the capacity for policy development and analysis that had been gained was sustained, and that strategic and sectoral planning and the linkages between them and the budget process, particularly in relation to the definition of output structures and performance indicators, were strengthened. Therefore, further improvement was deemed necessary in (i) broadening and deepening policy analysis, and providing quality control supervision in economic performance monitoring within the Ministry of Finance, specifically the Economic Policy and Planning Division (EPPD); (ii) developing strategic planning sectoral expertise in line departments; and (iii) strengthening the linkages between line departments and sectoral analysis.

Objectives and Scope

The purposes of the TA were to (i) strengthen EPPD's capacity to undertake macroeconomic policy formulation and analysis; strategic/sector policy analysis and planning; project planning, appraisal, monitoring and evaluation (including social impact assessment); and development and analysis of economic statistics; and (ii) build analytical and planning capacity in line ministries in the areas of sectoral and project planning, including social impact assessment. The TA was designed to assist in the monitoring and ensuring quality control of regular reviews of economic performance, the macroeconomic framework for budgets, national accounts and related economic statistics, and government finance statistics. The TA was to support sector and strategic planning for economic sectors. This was to be done through on-the-job training, workshop, and assistance in preparing policy papers on economic performance and policy prescriptions. While the TA design can overall be regarded as relevant, and it was formulated in close cooperation and coordination with the Executing Agency, no mechanisms were included to ensure counterpart commitment and durability of capacity building efforts.

Evaluation of Inputs

The consultant team consisted of five international consultants, including an Economic Sector Specialist/teamleader (3.27 person-months), an Economic and Financial Analyst (1 person-month), an Economic Modeler (1.97 person-months), a Social Analyst (2.7 person-months), and an Economic Statistician (0.9 person-month). The consultant terms of reference were met to the satisfaction of both the Executing Agency and ADB (see also separate consultant performance evaluation report). The consultant team managed to engage counterpart staff, and support and train them as foreseen in the project design. There was a delay in TA completion due to (i) delays in the provision of expert inputs mainly as a result of counterpart staff turnover; and (ii) the team leader's provision of strategic inputs, beyond the original terms of reference, feeding into the formulation of the SDS 2005-2007. The performance of the Government and ADB is rated as satisfactory, although weak government commitment with respect to provision of adequate counterpart staffing was noted.

¹ ADB. 1995. *Technical Assistance to Samoa for Strengthening Capacity for Macroeconomic Analysis, Planning and Policy Formulation in the Treasury Department*. Manila; ADB. 1996. *Technical Assistance to Samoa for Strengthening Capacity for Macroeconomic Analysis, Planning and Policy Formulation (Phase II)*. Manila; ADB. 1998. *Technical Assistance to Samoa for Strengthening Capacity for Macroeconomic Analysis, Planning and Policy Formulation (Phase III)*. Manila; and ADB. 1999. *Technical Assistance to Samoa for Strengthening Capacity for Macroeconomic Analysis, Planning and Policy Formulation (Phase IV)*. Manila.

² ADB. 1997. *Technical Assistance for Samoa for Implementation of the Privatization Strategy*. Manila.

³ ADB. 2000. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Samoa for the Small Business Development*. Manila, and ADB; 2000. *Technical Assistance to Samoa for Capacity Building of Financial and Business Advisory Intermediaries*. Manila.

⁴ ADB. 1997. *Technical Assistance to Samoa for Implementation of the Privatization Strategy*. Manila.

Evaluation of Outputs

Macroeconomic policy analysis and economic statistics. On-the-job advisory support was provided in the preparation of the economic statement for the 2003/4 Budget, preparation of a global economic outlook, review of the Strategy for the Development of Samoa (SDS) 2002-2004, and formulation of the SDS 2005-2007. Outputs in economic modeling were produced and the Revised Minimum Standard Model-Extended (RMSM-X) model was refined and run as planned, focusing initially on budget analysis and the possible loss of Samoa's Least Developed Country status. Little effective integration between the macroeconomic work done in EPPD and the budget formulation process could be achieved. In economic statistics, national accounts were rebased to 2002, quarterly GDP data were seasonally analyzed, initial estimates of labor productivity developed, and the consumer price index reviewed and improved. These outputs were discussed at stakeholder seminars.

Strategic/sector policy analysis and planning. Good progress was made in terms of presenting to, and understanding by, lead agencies responsible for sector plans of the new Sectoral Planning Guidelines (which were translated into Samoan and distributed to line ministries). However, only a few sector plans were initiated by the Government (education, health, tourism, welfare and social services). The impact of capacity building in EPPD was affected by the departure of key EPPD staff during the TA, and undermined by the lack of commitment by the Government to produce sector plans as originally stated.

Economic, financial, and social analysis. Economic and financial analysis was taught in training and workshops for EPPD, line ministries, and state-owned enterprises. The production of associated training documentation covered the topic of cost-benefit analysis. Inputs of EPPD staff during and following the EPPD workshop contributed to improved content and delivery of the line ministry workshops; formal evaluations showed that the latter were well-received, placing line ministry staff in a better position to understand and contribute to cost-benefit analysis. Social impact assessment outputs included the production of training materials and the running of workshops in EPPD and for line ministries (workshops were rated by participants as highly valuable), and on-the-job training in project evaluation for EPPD and line ministry staff. Finally, the TA was extended to include two well-received training workshops for EPPD and line ministry staff in the economic analysis of environmental and natural resource effects of development projects.

Sustainability. The "train the trainer" approach sought to ensure that newly acquired skills could be passed on to junior staff and new recruits. Training in the designated areas was provided to more counterpart staff than were required to undertake specific jobs, with a view to provide backup in the event of staff departures. EPPD is now able to use the economic statistics model, and has improved its capacity to provide macroeconomic and policy analysis. Government expressed overall satisfaction with TA outputs at the final tripartite meeting. The durability of improved capacity for preparing and evaluating sector plans can only be assessed when more sector plans are completed (ditto for economic, financial, and social analysis). However, the sustainability of the capacities developed under the TA was partly undermined by three staff transfers out of EPPD in early 2004 (and no adequate, timely replacement), affecting especially the areas of economic modeling and sector planning. Maintaining the skill level in EPPD will require the filling of vacancies and effective in-house training of new recruits by those staff who have benefited from this and previous TAs. Moreover, there are signs that some skills gained under the TA could be lost through lack of application, particularly in economic modeling. But, in the larger scheme of Samoan government reform, there is no doubt that the overall capacity has been substantially improving over the past few years.

Overall Assessment and Rating

The TA is rated as partly successful. The TA broadly succeeded in achieving the outputs stated in the TA design. However, while the effectiveness and sustainability of the TA can only be reviewed in the medium term, the TA's impact was adversely affected by the counterpart agency's inability to (i) retain critical counterpart staff for building long-term institutional capacity in these areas, and (ii) ensure regular application by counterpart staff of the skills gained under the TA.

Major Lessons Learned

The evaluation of this TA highlights the importance for Government to have counterpart staff in place. Government commitment to sustaining the counterpart positions for the duration of TAs and beyond, should be a critical condition for provision of future assistance. Following a series of – mostly successful – TAs in support of economic analysis, planning, and policy formulation, as well as other government reform projects and programs, it may be advisable to enter a period of consolidation in these areas, to avoid reform fatigue. At the same time, increased efforts could be exerted in areas that have been less exposed to reform. The absorptive capacity of government counterparts should be carefully assessed.

Recommendations and Follow-Up Actions

No follow-up action required.