



Regional: Strengthening Public Sector Management in the North Pacific

Project Name	Strengthening Public Sector Management in the North Pacific								
Project Number	47264-001								
Country	Regional								
Project Status	Active								
Project Type / Modality of Assistance	Technical Assistance								
Source of Funding / Amount	<table border="1"> <tr> <td colspan="2">TA 8581-REG: Strengthening Public Sector Management in the North Pacific</td> </tr> <tr> <td>Technical Assistance Special Fund</td> <td>US\$ 1.50 million</td> </tr> <tr> <td colspan="2">TA 8581-REG: Strengthening Public Sector Management in the North Pacific (additional financing)</td> </tr> <tr> <td>Government of Australia</td> <td>US\$ 562,000.00</td> </tr> </table>	TA 8581-REG: Strengthening Public Sector Management in the North Pacific		Technical Assistance Special Fund	US\$ 1.50 million	TA 8581-REG: Strengthening Public Sector Management in the North Pacific (additional financing)		Government of Australia	US\$ 562,000.00
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Government of Australia	US\$ 562,000.00								
Strategic Agendas	Inclusive economic growth Regional integration								
Drivers of Change	Governance and capacity development Partnerships								
Sector / Subsector	Public sector management - Economic affairs management - Public administration - Public expenditure and fiscal management								
Gender Equity and Mainstreaming	Gender equity								
Description	<p>The TA will help (i) strengthen public financial management policies and processes; (ii) improve public service delivery through reforming government machinery; (iii) improve economic management through strengthening analytical capacities to support decision-making; and (iv) promote structural reforms of state-owned enterprises.</p> <p>ADB's Pacific Approach 2010-2014 aims to achieve sustained and resilient standards of living. It sets out an agenda to foster connectivity, consensus and a greater sense of Pacific community through (i) inclusive and environmentally sustainable growth; (ii) good governance; and (iii) regional cooperation and integration. The Pacific Approach provides the strategic framework for ADB operations in the Pacific and will serve as the country partnership strategy for the 3 north Pacific DMCs. The Pacific regional operations business plan (ROBP) 2014-2016 aligns with the goal of the Pacific Approach. The proposed TA is in the ROBP's 2013 pipeline of assistance. The Pacific Approach, the ROBP and the respective country operations business plans align with the aims of the national plans of FSM, Palau and RMI. The TA will support the three countries in conducting the necessary reforms to strengthen their public financial management policies and processes; improve their public service delivery; enhance their economic management; and make necessary structural reforms to ensure fiscal sustainability post-compact.</p>								
Project Rationale and Linkage to Country/Regional Strategy	<p>The three north Pacific developing member countries (DMCs) – the Federated States of Micronesia (FSM), Palau and the Republic of the Marshall Islands (RMI) are former US trust territories. FSM and RMI entered into Compact of Free Association with the US since 1986 and Palau since 1994. The current compacts will run out in 2023; hence, the three Pacific DMCs are undergoing a program of reforms to ensure fiscal sustainability once the compacts expire. It is estimated that 70% of the national budget of RMI and 45% of FSM comprised budget transfers from the United States under the compacts. In addition, they also have access to other Federal government agency programs for specific purposes. Two major concerns for both countries at the moment are: (i) the planned decrement of the compact budget over the next decade and possible impacts on service delivery; and (ii) the performance of the Compact Trust Fund, which has been set up and is expected to become an alternative funding source post-2023.</p> <p>Strengthening public sector management has been identified as a critical priority for all three countries, aiming at better managing their limited resources, while ensuring an acceptable standard of delivery of goods and services to the public. Individually, the countries have identified critical reform areas of public sector management requiring support from ADB and other development partners. These include (i) strengthening public financial management policies and processes; (ii) improving service delivery through public service reforms; (iii) strengthening economic management; and (iv) structural reforms.</p>								
Impact	Increase self-reliance and achieve fiscal sustainability								

Project Outcome

Description of Outcome	More efficient macroeconomic and fiscal management
Progress Toward Outcome	
Implementation Progress	
Description of Project Outputs	<ol style="list-style-type: none">1. Improved public financial management2. Improved public administration systems3. Strengthened economic analytical capacities4. Strengthened planning capacities5. Improved SOE performance6. Enhance regional sharing of experiences and best practices
Status of Implementation Progress (Outputs, Activities, and Issues)	<p>- A macroeconomist and public financial management specialist are supporting the government of FSM in developing the Action 2023 Plan. The Plan aims to help the government develop necessary policies aiming towards long term fiscal sustainability beyond the expiration of the Compact Funds.</p> <p>-On 2 June 2014, approval for a request for change in scope and implementation arrangements and increase in TA amount from \$1,500,000 to \$2,062,000 was obtained. The additional financing was provided by the Government of Australia through the Department of Foreign Affairs and Trade. The increase in TA amount was made to finance a change in scope and implementation arrangements primarily to provide additional assistance on the ff: (i) implementation of revenue reforms for RMI and Palau; (ii) enhancement of financial management information system in Palau; (iii) procurement of a suitable HRMIS for RMI; and (iv) support to conduct a HIES (2014) for Palau.</p> <p>-On 30 September 2014, TA Letter of Agreement between ADB and the Government of Palau was signed for the conduct of a Household Income and Expenditure Survey in Palau in 2014. As of 25 Aug 2015, the HIES is a little over 75% complete, with only the report writing and poverty analysis remaining to be implemented and a more comprehensive report will be provided as soon as the report is completed.</p> <p>-A Human Resource Management and Organizational Specialist was engaged (commenced services on 7 April 2015) to provide support to the Government of Palau strengthen its public administration systems to enable more responsive, efficient and accountable public service delivery.</p> <p>-A Public Finance Specialist, whose services commenced on 27 July 2015, was engaged to provide inputs to the Government of the Federated States of Micronesia in preparing a draft Public Debt Management Bill and a policy and explanatory note based on the Bill.</p> <p>-On 11 Feb 2016, a Minor Change in Implementation Arrangements and Procurement of Human Resource Management Information System was approved. The memo specifically approved the ff: (i) inclusion of Equipment budget line item; (ii) reallocation of \$126,000 from Contingency budget line item to Equipment budget line item to finance the procurement of a new HRMIS for RMI; (iii) allow RMI to directly enter into a supply agreements/contracts with its selected HRMIS supplier/s; and (iv) allow direct payments to either RMI or its selected HRMIS supplier/s.</p> <p>-A Planning and Economic Advisor/Specialist for RMI commenced services on 7 April 2016 to provide advisory services with emphasis on capacity building and transfer of knowledge and skills to local staff through the selection of work and training programs for government officials. The expert is also responsible in streamlining the process between the Office of the chief Secretary, Ministry of Foreign Affairs, Office of Compact Implementation, and the Ministry of Finance.</p> <p>-On 26 Aug 2016, an International Aid Coordination Specialist for RMI commenced services to lead the development of an effective national aid coordination mechanism, including a structure design with the support of a policy and strategy framework. The expert is expected to hold several consultations with relevant stakeholders in view of designing an appropriate aid coordination structure for the Government of RMI based on current and anticipated resources.</p> <p>-On 19 Oct 2016, the TA's completion date was extended from 31 Dec 2016 to 31 Dec 2017 to enable further support for better public sector management in the three North Pacific DMCs.</p> <p>-On 2 Dec 2016, a Change in Implementation Arrangements and Procurement of Financial Management Information System for Kwajalein Atoll Local Government was approved.</p> <p>-In February 2017, a Compliance Advisor was engaged to provide support to FSM Government.</p> <p>-Two experts, namely an HR Specialist, and Financial Management Specialist have been engaged in Q1 2017 with services commencing in April 2017. These experts' outputs will serve as inputs to the processing of the proposed Public Financial Management Project. A third expert, a Procurement Specialist, is expected to be engaged and commence services also in April 2017.</p>
Geographical Location	

Summary of Environmental and Social Aspects

Environmental Aspects	
Involuntary Resettlement	
Indigenous Peoples	
Stakeholder Communication, Participation, and Consultation	

During Project Design	Initial consultations on the country specific components of the TA were held during respective country programming missions in Palau (April 2013), RMI (April 2013) and FSM (August 2013). It was subsequently decided for the individual support to be delivered through a RETA, hence, further discussions were held with the respective governments during consultation missions by the Director PAUS and new country teams leaders for Palau (September 2013), FSM and RMI (October 2013). The consultation missions firmed up the priority areas of support for each country and how support can be sequenced within resource envelope. The project team with support from ADB development coordination officers will liaise closely with the governments when finalizing TA design particularly terms of references for consultants.
During Project Implementation	Participation of the three governments will start from developing implementation arrangements for the TA. Palau has expressed its support to a TA modality which develops the skills of national consultants who will eventually be absorbed into the public service as they see this as another form of capacity development. All three governments have shown commitment to implementing the TAs through the leadership of the respective CEOs of implementing agencies as well as making available appropriate counterpart staff to ensure ownership and transfer of knowledge.

Business Opportunities

Consulting Services	The TA will finance an estimated 35 person-months of international and 15 person-months of national consulting services. The consultants will be engaged individually in accordance with ADB's Guidelines on the Use of Consultants by ADB and its Borrowers (2013, as amended from time to time).
Procurement	The proceeds of the TA will be disbursed in accordance with the ADB's TA Disbursement Handbook dated May 2010 (as amended from time to time).

Responsible Staff

Responsible ADB Officer	Usui, Norio
Responsible ADB Department	Pacific Department
Responsible ADB Division	Urban, Social Development & Public Management Division, PARD
Executing Agencies	<i>Asian Development Bank 6 ADB Avenue, Mandaluyong City 1550, Philippines</i>

Timetable

Concept Clearance	14 Nov 2013
Fact Finding	-
MRM	-
Approval	16 Dec 2013
Last Review Mission	-
Last PDS Update	23 Mar 2017

TA 8581-REG

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
16 Dec 2013	-	16 Dec 2013	31 Dec 2016	31 Dec 2017	-

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
1,500,000.00	562,000.00	170,000.00	0.00	0.00	0.00	2,232,000.00	16 Dec 2013	1,224,838.13

Project Page	https://www.adb.org/projects/47264-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=47264-001

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