



Regional: Strengthening Financial Management in Asia and the Pacific

Project Name	Strengthening Financial Management in Asia and the Pacific												
Project Number	48191-001												
Country	Regional												
Project Status	Active												
Project Type / Modality of Assistance	Technical Assistance												
Source of Funding / Amount	<table border="1"> <tr> <td colspan="2">TA 8740-REG: Strengthening Financial Management in Asia and the Pacific</td> </tr> <tr> <td>Technical Assistance Special Fund</td> <td>US\$ 730,000.00</td> </tr> <tr> <td colspan="2">TA 8740-REG: Strengthening Financial Management in Asia and the Pacific (Supplementary)</td> </tr> <tr> <td>Technical Assistance Special Fund</td> <td>US\$ 26,226.00</td> </tr> <tr> <td colspan="2">TA 8740-REG: Strengthening Financial Management in Asia and the Pacific (Supplementary)</td> </tr> <tr> <td>Technical Assistance Special Fund</td> <td>US\$ 450,000.00</td> </tr> </table>	TA 8740-REG: Strengthening Financial Management in Asia and the Pacific		Technical Assistance Special Fund	US\$ 730,000.00	TA 8740-REG: Strengthening Financial Management in Asia and the Pacific (Supplementary)		Technical Assistance Special Fund	US\$ 26,226.00	TA 8740-REG: Strengthening Financial Management in Asia and the Pacific (Supplementary)		Technical Assistance Special Fund	US\$ 450,000.00
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Strategic Agendas	Inclusive economic growth												
Drivers of Change	Governance and capacity development												
Sector / Subsector	Public sector management - Public expenditure and fiscal management												
Gender Equity and Mainstreaming	No gender elements												
Description	<p>TA Description:</p> <p>In pursuit of good governance in ADB's operations, this technical assistance (TA) will support the enhancement of financial management capacity in the region. The TA will focus on three pillars supporting effective financial management: (i) the quality of project auditing by private audit professionals, (ii) financial management assessments of ADB-financed projects, and (iii) project financial reporting through application of the cash basis international public sector accounting standard (IPSAS).</p> <p>The TA will produce three outputs: (i) piloting quality assurance systems for PAOs, (ii) developing working papers on DMC financial management systems, and (iii) developing an e-Learning module on preparing project financial statements using the cash-basis IPSAS.</p>												
Project Rationale and Linkage to Country/Regional Strategy	<p>a. Link to Country Partnership Strategy/ADB Strategy 2020:</p> <p>Governance in public financial management and procurement is a common theme among ADB's Country Partnership Strategies (CPS) with its developing member countries. While primarily focused in the public sector, the importance of good governance transcends both public and private sectors. This proposed R-CDTA is aligned with the principles of the CPS, and is consistent with ADB's Strategy 2020 core area of operation, regional cooperation and integration. The proposed R-CDTA supports the two key drivers critical to the achievement of ADB's strategic agenda: (i) good governance and capacity development, and (ii) knowledge solutions.</p>												
Impact	Enhanced good governance and financial management in Asia and the Pacific												

Project Outcome

Description of Outcome	Strengthened capacity of auditors, enhanced ADB project financial management assessments, and improved government financial reporting
Progress Toward Outcome	none

Implementation Progress

Description of Project Outputs	Audit quality assurance systems for PAOs piloted Working papers on DMC financial management systems developed An E-learning module on preparing project financial statements using the cash basis IPSAS developed
Status of Implementation Progress (Outputs, Activities, and Issues)	For Output 1, four PAOs, Cambodia, Samoa, Myanmar, and Nepal respectively, have been identified for pilot implementation. A study of the PAOs existing quality assurance systems has been completed in collaboration with CAPA, a good practice roadmap has been developed and three draft PAO audit QA systems roadmaps were developed and sent to the respective PAOs for review and further discussion. Under Output 2, three draft PFM reports were sent to respective governments for endorsement. Another three draft PFM reports have undergone peer review and are currently being updated. One remaining report is due for development after concurrence from resident mission is received. The development of an e-Learning module under Output 3 is completed and will go through user acceptance tests in the next 2 months.
Geographical Location	

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design	A fact-finding mission was held on 13-14 August 2014 in Hanoi, Vietnam to discuss the objectives of Output 1 with CAPA which included: (i) identifying suitable PAOs for pilot implementation; (ii) agreement on the roles and responsibilities of ADB and CAPA; (iii) confirmation of the concept and scope of the component; and (iv) agreement on timetable and course of actions. A fact-finding mission for the other components was deemed not necessary.
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During Project Implementation

The TA will produce three outputs: (i) piloting quality assurance systems for PAOs, (ii) developing working papers on DMC financial management systems, and (iii) developing an e-Learning module on preparing project financial statements using the cash-basis IPSAS.

For Output 1, four PAOs, Cambodia, Samoa, Myanmar, and Nepal respectively, have been identified for pilot implementation. A study of the PAOs existing quality assurance systems has been completed in collaboration with CAPA, a good practice roadmap has been developed and three draft PAO audit QA systems roadmaps were developed and sent to the respective PAOs for review and further discussion. One PAO audit QA systems roadmap is still under development. National workshops will be held to promote the quality assurance roadmap and gain commitment from the PAOs. The draft Audit QA systems roadmaps for 3 PAOs identified several impediments to the operationalization of audit QA systems such as lack of or limited operational capacity, funding constraints, absence of operational policies and procedures and nascent regulatory frameworks and governance structures. Therefore, considerable support will be required to implement the action plans set out in the roadmaps which may include funding of activities, selection and engagement of qualified staff, development of audit QA policies and regulations, and preparation of manuals and guidelines in order to fully achieve the objectives of the TA. During discussions, the PAOs have also expressed the need for technical and financial support to implement the developed roadmaps. Keeping in view the importance of operationalizing the action plans contained in the roadmaps to ensure implementation of robust QA systems, ADB will provide financing support for core activities with directly identifiable outputs. These activities will include: (i) assistance with the drafting of in-country by-laws to define the appropriate governance and institutional structure for well-functioning QA systems; (ii) preparation of operational procedures and audit manuals for QA for audit with proposed in-country audit monitoring procedures; (iii) assistance with selection of suitably qualified staff for operational QA unit and QA board; and (iv) on the ground training and mentoring. These activities will be monitored and reported to ADB and CAPA.

Output 2 relates to the development of working papers on the financial management systems of Bangladesh, Fiji, Indonesia, Myanmar, Nepal, Pakistan, Sri Lanka, and Viet Nam. The TA uses a recently produced Operational Knowledge Working Paper on the Funds Flow, Accounting, and Audit arrangements in India as a guide. The working papers will be disseminated as a tool in conducting financial management assessments during project preparation. The initial set of working papers will be published on ADB's website and will be scaled up to cover other DMCs in the region in future TA projects. Under Output 2, three draft PFM reports were sent to respective governments for endorsement. Another three draft PFM reports have undergone peer review and are currently being updated. One remaining report is due for development after concurrence from resident mission is received.

Output 3 relates to the production of an e-Learning module that provides the requirements of the IPSAS Cash Basis Standards. The module uses an open-source software application that can be maintained by ADB to eliminate issues on proprietary rights and maintenance and will be hosted on ADB's website accessible by all existing and potential executing and implementing agencies, other interested DMC staff including SAls, and private auditors. A workshop will be held to launch and promote the e-Learning module. The development of an e-Learning module under Output 3 is completed and will go through user acceptance tests in the next 2 months.

The TA will be dependent on the continuous cooperation and commitment of CAPA, the PAOs, and relevant DMC staff. ADB will closely coordinate with these institutions during implementation and will monitor activities of consultants to reduce the risk and ensure completion and delivery of outputs.

ADB will be the executing agency, with OSFM acting as focal point and providing overall TA oversight and administration. OSFM will work closely with CAPA and the Resident Missions who in turn will be coordinating and guiding the consultants.

Business Opportunities

Consulting Services	The TA will require a total of 48.5 person-months of intermittent consulting inputs from international and national consultants. Individual consultants have been engaged for all positions assigned to Output 2 to select the best combination of thematic experts in the shortest time. A consulting firm with experience in auditing and has substantial knowledge and experience in the 4 selected DMCs has been engaged to deliver Output 1. A consulting firm that has technical expertise in accounting and software development has been engaged to deliver Output 3.
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Responsible Staff

Responsible ADB Officer	Mehta, Anouj
Responsible ADB Department	Operations Services and Financial Management Department
Responsible ADB Division	Financial Management Unit, OFSMD
Executing Agencies	<i>Asian Development Bank 6 ADB Avenue, Mandaluyong City 1550, Philippines</i>

Timetable

Concept Clearance	03 Jul 2014
Fact Finding	13 Aug 2014 to 14 Aug 2014
MRM	-

Approval	20 Oct 2014
Last Review Mission	-
Last PDS Update	18 Jan 2017

TA 8740-REG

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
20 Oct 2014	-	20 Oct 2014	31 Dec 2017	31 Dec 2018	-

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
1,206,226.00	0.00	0.00	0.00	0.00	0.00	1,206,226.00	20 Oct 2014	432,135.81

Project Page	https://www.adb.org/projects/48191-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=48191-001
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