



Technical Assistance Report

Project Number: 52006-001
Knowledge and Support Technical Assistance (KSTA)
April 2018

Republic of Maldives: Capacity Building for Country Programming and Portfolio Management

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Asian Development Bank

CURRENCY EQUIVALENTS
(as of 2 April 2018)

Currency unit	–	rufiyaa (Rf)
Rf1.00	=	\$0.0644999000
\$1.00	=	Rf15.503900

ABBREVIATIONS

ADB	–	Asian Development Bank
IED	–	Independent Evaluation Department
TA	–	technical assistance

NOTE

- (i) In this report, “\$” refers to United States dollars.

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KNOWLEDGE AND SUPPORT TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 52006-001
Project Name	Capacity Building for Country Programming and Portfolio Management	Department/Division SARD/SARC
Nature of Activity	Capacity Development, Research and Development	Executing Agency Ministry of Finance and Treasury
Modality	Regular	
Country	Maldives	
2. Sector	Subsector(s)	ADB Financing (\$ million)
✓ Public sector management	Economic affairs management	0.20
	Public administration	0.35
	Total	0.55
3. Strategic Agenda	Subcomponents	Climate Change Information
Inclusive economic growth (IEG)	Pillar 1: Economic opportunities, including jobs, created and expanded	Climate Change impact on the Project Low
4. Drivers of Change	Components	Gender Equity and Mainstreaming
Governance and capacity development (GCD)	Institutional development	No gender elements (NGE) ✓
Knowledge solutions (KNS)	Knowledge sharing activities	
5. Poverty and SDG Targeting		Location Impact
Geographic Targeting	No	Nation-wide High
Household Targeting	No	
SDG Targeting	Yes	
SDG Goals	SDG8	
6. Risk Categorization	Low	
7. Safeguard Categorization	Safeguard Policy Statement does not apply	
8. Financing		
Modality and Sources		Amount (\$ million)
ADB		0.55
Knowledge and Support technical assistance: Technical Assistance Special Fund		0.55
Cofinancing		0.00
None		0.00
Counterpart		0.00
None		0.00
Total		0.55

I. INTRODUCTION

1. The knowledge and support technical assistance (TA) will support capacity building of the Government of Maldives on the management of the Asian Development Bank (ADB) portfolio in Maldives. The TA is included in the country operations business plan, 2018–2020 for Maldives.¹ The TA will facilitate the delivery of analytical studies for country programming and for identification of programs to address development issues.²

II. ISSUES

2. Maldives' high-end tourism has propelled the economy's strong expansion over recent decades. This has helped the country gain middle-income status, with the highest per capita income in South Asia. During 2010–2016, the economy grew at an average annual rate of 5.9%.³ The contribution of the tourism sector to the economy is expected to remain significant, as tourist arrivals are projected to increase (8.0% increase in 2017) with the opening of several resorts, the government's intensive marketing campaign, and the start of operations of four major airlines from Europe and Asia.⁴ Capital spending and construction arising from the government's planned expansionary investment program and private sector-led developments are expected to underpin economic growth. However, key development challenges remain and could undermine future growth.

3. Geographic and demographic dispersion remains a big development hurdle, as investments in key public infrastructure are costly for the government and less attractive to the private sector. Without a more effective transport infrastructure, private investment will not flourish because of the high cost of doing business, which lowers returns on investment and holds back employment growth. At the same time, poor connectivity between outer islands and economic centers hinders access to basic social services. The widely dispersed population in the islands similarly aggravates the uneven distribution of income and hampers the efficient delivery of social services.

4. Maldives' narrow economic base (tourism, fisheries, and construction) makes it vulnerable to external shocks in the global economy. The limited access to finance restricts the growth of micro, small, and medium-sized enterprises. The poor quality of and unequal access to higher secondary, tertiary, and vocational and technical education limits opportunities for productive and decent employment, particularly across atolls. Vulnerability to climate change is inevitable because of Maldives' geographic features.

5. ADB has supported the government in public sector management, energy, transport, and education. Concerns have arisen, however, that the impacts of ADB-supported projects may be less than desired because of the government's weak capacity in country programming and project management. Contributing to this weakness are the lack of a national development strategy, lack of capacity building training for government staff, and high turnover of government staff. These result in delays in the disbursement of ongoing projects and imbalanced sector allocation, which further impede the achievement of desired outcomes.

6. ADB assessments of Maldives' country partnership strategies have consistently noted the government's capacity weakness in project implementation, affecting the achievement of

¹ ADB. 2017. *Country Operations Business Plan: Maldives, 2018–2020*. Manila.

² The TA first appeared in the business opportunities section of ADB's website on 1 March 2018.

³ Government of Maldives, National Bureau of Statistics. [Gross Domestic Product Base Year 2014–November 2017](#).

⁴ Government of Maldives, Maldives Monetary Authority. [Monthly Statistics: December 2017](#).

results. Lessons point to the need for continued support in increasing the capacity of government counterparts to address this weakness.⁵

7. In 2012, ADB approved Strengthening Capacity for Operations Management, which aimed to contribute to strengthening government capacity for operations management.⁶ The TA provided various capacity building activities for government agencies in portfolio management and project implementation. It also supported the conduct of relevant analytical studies that helped address some of the challenges mentioned earlier (paras. 3 and 4). These included (i) a development study on the Greater Male Region, which analyzed the overarching concept design and investment plan for the region, as well as a proposed institutional framework and ways to improve coordination among key state agencies; (ii) an assessment of the technical viability of various infrastructures; and (iii) the establishment of an information management system aimed at improving organization efficiency, advancing project portfolio performance, and communicating with development partners.

8. An important contribution of this earlier TA was support to country programming and tripartite portfolio reviews, which served as venues for discussions on relevant programming and implementation issues. These discussions facilitated decision making and implementation, which helped compensate for the absence of a resident mission in Maldives.

9. With the closure of this TA in December 2017, ADB needs a mechanism to continue its capacity building support to the Government of Maldives in analytical research and strategy planning. This current TA builds on the achievements of the previous TA and ensures that best practices are considered in designing capacity building activities and that knowledge is embedded as a value addition in project designs.⁷

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

10. The TA is aligned with the following impact: sustainable investments across sectors enhanced.⁸ The TA will have the following outcome: portfolio performance improved.⁹

B. Outputs, Methods, and Activities

11. **Output 1: Sustainable development strategies, programs, and projects formulated.** The TA will build on the analytical study conducted under the previous TA on the development of the Greater Male Region (para. 7). The next phase of the study is the preparation of a comprehensive master plan for the Greater Male Region, which will include development phasing, an infrastructure plan, financing modalities, and a governance structure for the management of the Greater Male Region. The master plan will identify sector development strategies that would generate economic activities and create jobs for the urban population,

⁵ Independent Evaluation Department (IED). 2015. *Country Partnership Strategy Final Review Validation: Maldives, 2007–2013*. Manila: ADB; IED. 2011. *Country Assistance Program Evaluation: Maldives, 1978–2010*. Manila: ADB.

⁶ ADB. 2012. [Technical Assistance to the Maldives for Strengthening Government Capacity for Operations Management](#). Manila.

⁷ ADB is expected to provide greater value-added knowledge in addressing development challenges in the region. IED. 2016. *Corporate Evaluation Study: The Asian Development Bank's Engagement with Middle-Income Countries*. Manila: ADB.

⁸ Defined by the TA.

⁹ The design and monitoring framework is in Appendix 1.

which is expected to increase tremendously. It will also take into consideration location-specific climate change and disaster risks.

12. The TA will support preparatory studies for the next country partnership strategy for Maldives and other analytical studies to identify appropriate programs to address development issues.

13. **Output 2: Capacity for country programming and project implementation improved.** The TA will support the conduct of country programming missions, tripartite portfolio review meetings, and consultation workshops on the master plan for developing the Greater Male Region. These consultation meetings serve as venues for discussion on project identification, implementation, and monitoring. The results of the discussions also feed into the annual country operations business plan. The TA will provide capacity building activities including workshops, seminars, and study visits to resident missions in South Asia. Consultations with various government agencies will be conducted to identify relevant trainings needed by staff in the fields of project administration and management, and monitoring and evaluation.

C. Cost and Financing

14. The TA is estimated to cost \$558,250, of which \$550,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-6). The key expenditure items are listed in Appendix 2.

15. The government will provide counterpart support in the form of counterpart staff, office accommodations, and other in-kind contributions.

D. Implementation Arrangements

16. The Ministry of Finance and Treasury will be the executing agency and the Resource Mobilization and Debt Management Division will be the implementing agency. ADB will administer the TA. ADB will select, supervise, and evaluate consultants; organize workshops; and provide resource persons in the workshops.

17. The implementation arrangements are summarized in the table.

Implementation Arrangements

Aspects	Arrangements		
Indicative implementation period	April 2018–March 2020		
Executing agency	Ministry of Finance and Treasury		
Implementing agency	Resource Mobilization and Debt Management Division		
Consultants	To be selected and engaged by ADB		
	Individual consultants selection	International expertise (6 person-months)	\$70,000
	Individual consultants selection	National expertise (21 person-months)	\$120,000
	QCBS with 90:10 ratio	Consulting firm (65 person-months)	\$300,000
Disbursement	The TA resources will be disbursed following ADB's <i>Technical Assistance</i>		

Aspects	Arrangements
	<i>Disbursement Handbook</i> (2010, as amended from time to time).

ADB = Asian Development Bank, QCBS = quality- and cost-based selection, TA = technical assistance.
Source: Asian Development Bank.

18. **Consulting services.** ADB will hire a combination of individual consultants and a consulting firm for the implementation of TA activities. The consulting firm will prepare the master plan of Greater Male Region. The firm will comprise specialists in urban planning, transport, water, and solid waste, among others. The consulting firm will also include a team leader who will have overall responsibility for ensuring the quality of the master plan and the timely submission of reports. For individual consultants, ADB will engage various specialists who will work on a number of thematic sectors. ADB will also engage national consultants to support economic research and country operations.

19. ADB will engage consultants following ADB's Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions.¹⁰ ADB will engage a consulting firm using quality- and cost-based selection with a 90:10 ratio. Firms will use a simplified technical proposal. ADB will engage individual consultants using individual consultant selection and will consider output-based contracts. TA disbursement will be made following ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time).

IV. THE PRESIDENT'S DECISION

20. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$550,000 on a grant basis to the Government of Maldives for Capacity Building for Country Programming and Portfolio Management, and hereby reports the action to the Board.

¹⁰ Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 3).

DESIGN AND MONITORING FRAMEWORK

Impact the TA is Aligned with			
Sustainable investments across sectors enhanced ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
Outcome Portfolio performance improved	By 2021: a. CPA rating on portfolio performance improved to 3.5 (2016 baseline: 3.0) b. Disbursement ratio improved to 25% (2016 baseline: 17%)	a. CPA report b. Procurement, Portfolio, and Financial Management Department data	Volatile political situation may change priorities of government and may cause implementation setbacks to ongoing operations.
Outputs 1. Sustainable development strategies, programs, and projects formulated 2. Capacity for country programming and project implementation improved	By 2020: 1a. A comprehensive master plan for Greater Male Region completed and submitted to the government (2017 baseline: NA) 1b. Annual COBP approved as scheduled in 2018 and 2019 (2017 baseline: approved on schedule) 1c. Preparatory studies on CPS diagnostics completed (2017 baseline: NA) By 2020: 2a. Staff from at least two government agencies reported increased knowledge on master plan preparation (2017 baseline: NA) 2b. At least 50 government staff reporting increased knowledge on aspects related to due diligence and project preparation (2017 baseline: NA) 2c. Projects monitored in annual TPRM (2017 baseline: ongoing projects monitored in TPRM)	1a. Master plan, consultant's report 1b. COBP, ADB website 1c. Preparatory studies, consultant's report 2a. Evaluation report on trainings 2b. Evaluation report on trainings 2c. Aides-mémoire	Competing priorities of agencies may hinder staff participation in TA activities.

<p>Key Activities with Milestones</p> <p>1. Sustainable development strategies, programs, and projects formulated</p> <p>1.1 Prepare the master plan for the Greater Male Region (Q2 2019).</p> <p>1.2 Undertake consultation workshops with various stakeholders to discuss the contents of the master plan (Q4 2018–Q1 2019).</p> <p>1.3 Publish the master plan and upload it to the government websites (Q4 2019).</p> <p>1.4 Conduct dissemination workshops on the Greater Male Region master plan (Q4 2019–Q1 2020).</p> <p>1.5 Conduct economic assessment of various thematic sectors (Q3 2018).</p> <p>2. Capacity for country programming and project implementation improved</p> <p>2.1 Conduct TPRMs (Q2 2018 and Q4 2019).</p> <p>2.2 Conduct country programming missions (Q3 2018 and Q4 2019).</p> <p>2.3 Conduct trainings, workshops, and seminars on portfolio management, master plan preparation, monitoring and evaluation, and project readiness (Q2 2018–Q1 2019).</p> <p>TA Management Activities</p> <p>Engage consultants</p>
<p>Inputs</p> <p>ADB: \$550,000</p> <p>Note: The government will provide support in the form of counterpart staff, office accommodations, and other in-kind contributions.</p>
<p>Assumptions for Partner Financing</p> <p>Not applicable</p>

ADB = Asian Development Bank, COBP = country operations business plan, CPA = country performance assessment, CPS = country partnership strategy, NA = not applicable, Q = quarter, TA = technical assistance, TPRM = tripartite portfolio review meeting.

^a Defined by TA.

Source: Asian Development Bank.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount
Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	350.0
ii. National consultants	120.0
b. Out-of-pocket expenditures	
i. International and local travel	15.0
ii. Reports and communications	5.0
2. Training, seminars, workshops, forum, and conferences	
a. Facilitators and resource persons	10.0
b. Venue rental	10.0
c. Participants	15.0
d. Representation ^b	5.0
3. Miscellaneous administration and support costs ^c	10.0
4. Contingencies	10.0
Total	550.0

Note: The technical assistance (TA) is estimated to cost \$558,250, of which contributions from the Technical Assistance Special Fund are presented in the table above. The government will provide counterpart support in the form of counterpart staff, office accommodations, and other in-kind contributions. The value of government contribution is estimated to account for 1.5% of the total TA cost.

^a Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-6).

^b Includes entertainment expenses such as alcoholic beverages and other expenses relevant to holding meetings.

^c Includes printing of publications and reports.

Source: Asian Development Bank estimates.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=52006-001-TARreport>

1. Terms of Reference for Consultants