



# Regional: Institutional Strengthening and Capacity Development to Enhance Service Delivery

Project Name	Institutional Strengthening and Capacity Development to Enhance Service Delivery	
Project Number	54090-001	
Country	RegionalBangladeshKazakhstanMongoliaMyanmarPapua New GuineaSri LankaTimor-Leste	
Project Status	Proposed	
Project Type / Modality of Assistance	Technical Assistance	
Source of Funding / Amount	TA: Institutional Strengthening and Capacity Development to Enhance Service Delivery	
	Technical Assistance Special Fund	US\$ 500,000.00
Strategic Agendas	Inclusive economic growth	
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships	
Sector / Subsector	Public sector management - Public administration - Public expenditure and fiscal management	
Gender Equity and Mainstreaming	No gender elements	
Description	<p>In supporting implementation of the Asian Development Bank (ADB) Strategy 2030's Operational Priority 6 on strengthening governance and institutional capacity, this knowledge and support technical assistance (TA) is part of the response to the requests of developing member countries (DMCs) to strengthen public sector capacity to stimulate inclusive and sustainable growth and service delivery. The TA builds on the TAs for Enhancing Governance and Capacity Development as a Driver of Change and for Governance and Capacity Development Initiative (Phase 2), and will add value to ongoing and forthcoming programs and projects by supporting DMCs and ADB's operations departments in (i) preparing governance risk assessments (GRAs) at the country and sector level to inform the country partnership strategy (CPS) and enable ADB's shift towards use of country systems; and (ii) providing knowledge sharing solutions and institutional capacity activities in selected DMCs, responding to governance challenges of high institutional complexity, innovation and/or learning potential. This TA is aligned with recent ADB strategy and policy papers on public sector management (PSM), institutional performance and capacity development, and is strategically integrated with upstream PSM operations and downstream sector support to add value to ADB programs and projects. The TA is included in the 2020 management approved results-based work plan of the Sustainable Development and Climate Change Department (SDCC).</p>	

Project Rationale and Linkage to Country/Regional Strategy

Strategy 2030 recognizes that managing the challenges and opportunities brought by the changing global and regional landscape requires strengthening governance and institutional capacity in DMCs. According to ADB's Country Performance Assessment, public sector performance in Asia and the Pacific has improved overall, but significant challenges remain. Individual countries present varied pictures of institutional performance, and this diversity is made evident by the differing and contrasting outcomes of standardized parameters set to measure governance and institutional capacity. Despite the context-specificity of each governance and institutional development challenge, there is significant value for each DMC to be able to learn from the experience of other DMCs. But adequate learning channels are challenging to establish, not least by the tacit nature and granularity of much of the relevant information and experience. In this regard, ADB is well positioned to draw on its regional experience in global networks and convening power, interdisciplinary approaches to PSM, and ability to combine technical knowledge with development finance in supporting country-led engagements to catalyse institutional change and reform.

Governance outcomes and sustainable development outcomes are intrinsically linked, and a country's governance and institutional capacity and the way governments perform will affect the achievement of all Sustainable Development Goals (SDGs), including climate change, gender and infrastructure goals. Henceforth, governance has a dual role of development outcome and development enabler. By prioritizing governance and institutional capacity in DMCs, ADB is aligning its aspirations for Asia and the Pacific with global commitments contained in the SDGs. The dedicated SDG 16 on governance recognizes the unfinished governance agenda worldwide and calls on countries to build effective, accountable, and inclusive institutions at all levels, promote the rule of law, enhance government transparency, and reduce corruption.

ADB has different but mutually reinforcing operational approaches to supporting governance and institutional capacity in DMCs. These include (i) supporting public management reforms and financial stability through PSM operations; (ii) focusing on governance and institutional actions that promote effective, timely, and corruption-free service delivery; and (iii) strengthening country systems and standards, with a focus on improving the efficient and effective implementation of ADB operations. Rather than being seen as separate operational areas, ADB is coordinating actions across all three to enable more integrated solutions to DMCs and greater alignment of public and private sector operations.

Separate operational procedures have been developed by ADB to recognize the complementarity of governance and capacity development. ADB's operational plan for governance, the Second Governance and Anticorruption Plan (GACAPII), is fundamentally a diagnostic tool which aims to strengthen governance institutions in DMCs by focusing on three core areas: public financial management (PFM), procurement, and combating corruption. These areas are important to ADB's operational performance and quality, as well as to DMC's development effectiveness. The review of GACAPII in 2013 and the learning note that was commissioned by the Governance Thematic Group (SDTC-GOV) in 2019 to inform its implementation of Strategy 2030 show that risk assessments while having elevated governance issues through PFM, procurement, and anticorruption areas in countries, sectors, and projects highlighted the need to improve the consistency in implementing ADB's governance and anticorruption policies at the country and sector levels and in the monitoring of risk management plans.

Lastly, in addressing institutional strengthening and capacity issues, approaches have and continue to evolve recognising that this area is particularly challenging. There is increasing importance assigned to the country-specific context in which institutions operate and ability of stakeholders to adapt to change as the outcomes of capacity development processes. Development agencies are increasingly looking beyond training and technical advisory services to actors as drivers of change and transformation, alongside strengthening the use of country systems to enhance institutional performance. ADB's approach to capacity development is informed by the 2007 Medium-Term Framework and Action Plan for capacity development. Reviewed in 2016, ADB committed to strengthening the implementation of the framework in operations, broaden the knowledge base of good practices and strengthen the quality-at-entry review process for selection of capacity development support.

ADB experience. ADB's governance and institutional support to DMCs is often delivered as a component of a sector program or project, and not as a stand-alone activity. A forthcoming ADB evaluation report highlights that while the success rate of PSM operations remains high at an average of 91% in 2017-2019 after declining by 1% (2016-2018), the success of public sector projects fell to 71% from 77% across the same time periods. Similarly, mainstreaming governance and capacity development as a theme has declined to 68% in 2017-2019 from 74% (2016-2018).

ADB value addition. SDTC-GOV has supported the implementation of ADB's governance and capacity development strategies in operations since 2009 through the two TAs mentioned in para.1. These TAs have assisted in elevating governance and capacity development as a corporate priority in ADB. While mainstreaming GRAs has become widespread, institutional capacity is important to shape specific organizational development processes but have yet to become a standard feature of operations. The overall success of these TAs hinged on the flexibility to respond to operational demands and connect TA activities to CPSS, sector assessments and road maps, and operations with a longer-term horizon to address DMC governance and capacity issues. ADB has successful experiences in combining good diagnostics and collaboration with DMC stakeholders with adept and integrated use of operational modalities. This TA will build on these gains and upscale the emerging good practices, learning from and sharing innovative practices in DMCs and globally.

Impact	Public service delivery in selected DMCs improved (ADB Strategy 2030)
Outcome	Mainstreaming governance and institutional capacity in selected DMCs improved
Outputs	Governance risk and sector assessments for CPSSs completed Knowledge on governance and institutional capacity of DMCs increased
Geographical Location	Bangladesh - Nation-wide; Kazakhstan - Nation-wide; Mongolia - Nation-wide; Myanmar - Nation-wide; Papua New Guinea - Nation-wide; Sri Lanka - Nation-wide; Timor-Leste - Nation-wide

### Summary of Environmental and Social Aspects

Environmental Aspects	
Involuntary Resettlement	
Indigenous Peoples	
Stakeholder Communication, Participation, and Consultation	
During Project Design	
During Project Implementation	

### Business Opportunities

Consulting Services	ADB will engage consultants following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions.
Procurement	ADB will carry out procurement following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions.

Responsible ADB Officer	Rahemtulla, Hanif A.
Responsible ADB Department	Sustainable Development and Climate Change Department
Responsible ADB Division	SDTC-GOV
Executing Agencies	Asian Development Bank 6 ADB Avenue, Mandaluyong City 1550, Philippines

### Timetable

Concept Clearance	27 Mar 2020
Fact Finding	-
MRM	-
Approval	-

Last Review Mission

-

Last PDS Update

06 Apr 2020

Project Page

<https://www.adb.org/projects/54090-001/main>

Request for Information

<http://www.adb.org/forms/request-information-form?subject=54090-001>

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